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Background Materials and Economic Data Relating to International Trade

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COMMITTEE ON FINANCE
UNITED STATES SENATE

RUSSELL B. LONG, *Chairman*

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U.S. INTERNATIONAL TRANSACTIONS, 1950–78

[Billions of dollars; quarterly data seasonally adjusted, except as noted]

Year or quarter	Merchandise [1] [2]			Investment income [3]			Net military transactions	Net travel and transportation receipts	Other services, net [3]	Balance on goods and services [1] [4]	Remittances, pensions, and other unilateral transfers [1]	Balance on current account
	Exports	Imports	Net balance	Receipts	Payments	Net						
1950	10.2	−9.1	1.1	2.1	−0.7	1.5	−0.6	−0.1	0.2	2.2	−4.0	−1.8
1955	14.4	−11.5	2.9	3.4	−.7	2.7	−2.7	−.3	.3	2.9	−2.5	.4
1960	19.7	−14.8	4.9	4.6	−1.2	3.4	−2.8	−1.0	.6	5.1	−2.3	2.8
1965	26.5	−21.5	5.0	7.4	−2.1	5.4	−2.1	−1.3	1.4	8.3	−2.9	5.4
1966	29.3	−25.5	3.8	7.5	−2.5	5.1	−2.9	−1.3	1.4	6.0	−2.9	3.0
1967	30.7	−26.9	3.8	8.0	−2.8	5.3	−3.2	−1.8	1.6	5.7	−3.1	2.6
1968	33.6	−33.0	.6	9.4	−3.4	6.0	−3.1	−1.5	1.6	3.6	−3.0	.6
1969	36.4	−35.8	.6	10.9	−4.9	6.1	−3.3	−1.8	1.8	3.4	−3.0	.4
1970	42.5	−39.9	2.6	11.8	−5.5	6.2	−3.4	−2.0	2.2	5.7	−3.3	2.4
1971	43.3	−45.6	−2.3	12.7	−5.4	7.3	−2.9	−2.3	2.5	2.3	−3.7	−1.4
1972	49.4	−55.8	−6.4	14.7	−6.5	8.2	−3.6	−3.0	2.8	−2.1	−3.9	−6.0
1973	71.4	−70.5	.9	21.7	−9.7	12.0	−2.3	−3.1	3.2	10.8	−3.9	6.9
1974	98.3	−103.6	−5.3	27.5	−12.1	15.5	−2.1	−3.1	4.0	8.9	[5] −7.2	1.7

1975	107.1	−98.0	9.0	25.4	−12.6	12.8	−.9	−2.5	4.6	23.1	−4.6	18.4
1976	114.7	−124.0	−9.4	29.2	−13.3	15.9	.3	−2.2	4.7	9.4	−5.0	4.3
1977	120.6	−151.7	−31.1	32.1	−14.6	17.5	1.3	−3.0	4.7	−10.6	−4.7	−15.3
1976: I	27.0	−28.4	−1.4	7.0	−3.4	3.6	−.1	−.6	1.2	2.7	−1.0	1.7
II	28.4	−30.0	−1.6	7.4	−3.3	4.0	−.1	−.4	1.2	3.2	−1.0	2.1
III	29.6	−32.4	−2.8	7.4	−3.3	4.1	.2	−.5	1.2	2.2	−1.9	.3
IV	29.7	−33.3	−3.6	7.4	−3.3	4.1	.2	−.7	1.2	1.2	−1.0	.2
1977: I	29.5	−36.5	−7.0	7.8	−3.2	4.6	.6	−.9	1.1	−1.6	−1.1	−2.8
II	30.6	−37.3	−6.6	8.1	−3.6	4.5	.3	−.8	1.2	−1.4	−1.2	−2.7
III	31.0	−38.3	−7.3	8.2	−3.6	4.6	.5	−.7	1.3	−1.6	−1.3	−2.9
IV	29.5	−39.7	−10.2	8.0	−4.2	3.8	(6)	−.7	1.2	−5.9	−1.1	−7.0
1978: I	30.7	−41.9	−11.2	9.4	−4.5	4.9	.2	−.8	1.4	−5.6	−1.3	−6.9
II	35.1	−42.9	−7.8	10.0	−5.4	4.6	.6	−.6	1.5	−1.8	−1.3	−3.1
III p	36.9	−45.0	−8.0	9.9	−5.4	4.6	.2	−.8	1.6	−2.6	−1.3	−3.8

[1] Excludes military grants.
[2] Adjusted from census data for differences in valuation, coverage, and timing.
[3] Fees and royalties from U.S. direct investments abroad or from foreign direct investments in the United States are excluded from investment income and included in other services, net.
[4] In concept, the sum of balance on current account and allocations of special drawing rights is equal to net foreign investment in the national income and product accounts, although the two may differ because of revisions, special handling of certain items, etc.
[5] Includes extraordinary U.S. Government transactions with India.
[6] Less than $0.05 billion.
[p] Preliminary.

U.S. INTERNATIONAL TRANSACTIONS, 1960–78

[Billions of dollars; quarterly data seasonally adjusted, except as noted]

Year or quarter	U.S. assets abroad, net [increase/capital outflow (—)]				Foreign assets in the U.S., net [increase/capital inflow (+)]				Allocations of special drawing rights (SDR)	Statistical discrepancy	
						Foreign official assets					
	Total	U.S. official reserve assets [1]	Other U.S. Government assets	U.S. private assets	Total	Total	Assets of foreign official reserve agencies	Other foreign assets		Total (sum of the items with sign reversed)	Of which: Seasonal adjustment discrepancy
1960	−4.1	2.1	−1.1	−5.1	2.3	1.5	1.3	0.8	....	−1.0	....
1965	−5.7	1.2	−1.6	−5.3	.7	.1	.1	.1	....	−.5	....
1966	−7.3	.7	−1.5	−6.3	3.7	−.7	−.8	4.3	....	.6	....
1967	−9.8	.1	−2.4	−7.4	7.4	3.5	3.4	3.9	....	−.2	....
1968	−11.0	−.9	−2.3	−7.8	9.9	−.8	−.8	10.7	....	.4	....
1969	−11.6	−1.2	−2.2	−8.2	12.7	−1.3	−1.6	14.0	....	−1.5	....
1970	−9.3	2.5	−1.6	−10.2	6.4	6.9	7.4	−.6	0.9	−.2	....
1971	−12.5	2.3	−1.9	−12.9	23.0	26.9	27.4	−3.9	.7	−9.8	....
1972	−14.5	.1	−1.6	−12.9	21.7	10.7	10.3	11.0	.7	−2.0	....
1973	−22.8	.2	−2.6	−20.4	18.7	6.3	5.1	12.4	....	−2.7	....
1974	−34.7	−1.4	[2] .4	−33.6	34.7	11.0	10.3	23.7	....	−1.7	....

1975	−39.4	−.6	−3.5	−35.4	15.6	6.9	5.3	8.6		5.4	
1976	−50.6	−2.5	−4.2	−43.9	37.0	18.1	13.1	18.9		9.3	
1977	−34.7	−.2	−3.7	−30.7	50.9	37.1	35.5	13.7		−.9	
1976: I	−12.4	−.8	−.8	−10.8	7.6	3.8	2.3	3.8		3.1	0.7
II	−11.7	−1.6	−.9	−9.2	7.9	4.0	3.4	3.9		1.7	.2
III	−10.3	−.4	−1.3	−8.5	8.9	3.1	1.3	5.9		1.0	−2.6
IV	−16.2	.2	−1.2	−15.3	12.5	7.2	6.1	5.4		3.5	1.7
1977: I	−1.3	−.4	−.9	(3)	2.5	5.5	4.9	−3.0		1.6	.1
II	−12.0	(3)	−.8	−11.2	14.1	7.9	7.5	6.2		.6	−.2
III	−6.6	.2	−1.1	−5.7	14.3	8.2	7.9	6.0		−4.8	−2.2
IV	−14.7		−.8	−13.9	20.1	15.5	15.2	4.5		1.6	2.3
1978: I	−15.0	.2	−.9	−14.4	18.1	15.8	15.0	2.3		3.8	.2
II	−6.1	.3	−1.2	−5.3	.4	−5.7	−5.4	6.1		8.8	(3)
III p	−11.0	.2	−1.5	−9.7	14.6	4.9	4.6	9.7		.2	−2.4

[1] Consists of gold, special drawing rights, convertible currencies, and the U.S. reserve position in the International Monetary Fund (IMF).

[2] Includes extraordinary U.S. Government transactions with India.

[3] Less than $0.05 billion.

[p] Preliminary.

Note.—Quarterly data for changes in U.S. official reserve assets, U.S. private assets abroad, and foreign assets in the United States are not seasonally adjusted.

Source: Department of Commerce, Bureau of Economic Analysis.

U.S. MERCHANDISE EXPORTS AND IMPORTS BY AREA, 1972–78

[Billions of dollars]

Item	1972	1973	1974	1975	1976	1977	1978[1]
Exports	49.4	71.4	98.3	107.1	114.7	120.6	136.9
Developed countries	34.6	48.6	64.5	66.5	72.3	76.7	84.4
Canada	13.1	16.7	21.8	23.5	26.3	28.3	30.1
Japan	5.0	8.4	10.7	9.6	10.2	10.6	12.2
Western Europe	15.0	21.2	28.2	29.9	31.9	34.1	38.3
Australia, New Zealand, and South Africa	1.5	2.2	3.8	3.6	3.9	3.8	4.0
Developing countries	14.0	20.8	32.1	37.3	38.3	41.0	48.5
OPEC[2]	2.6	3.4	6.2	10.0	11.6	12.9	14.8
Other[3]	11.3	17.4	25.9	27.4	26.7	28.1	33.8
Eastern Europe	1.0	2.0	1.7	3.2	4.1	2.9	4.5
Imports	55.8	70.5	103.6	98.0	[4] 124.0	[4] 151.7	[4] 173.0
Developed countries	40.7	49.0	61.1	56.0	67.5	79.2	97.6
Canada	14.5	17.7	22.4	21.7	26.5	29.7	32.9
Japan	9.0	9.7	12.4	11.3	15.5	18.6	24.4
Western Europe	15.7	19.8	24.3	20.8	23.0	28.2	36.1
Australia, New Zealand, and South Africa	1.4	1.9	2.0	2.2	2.5	2.8	4.2
Developing countries	14.8	20.9	41.6	41.3	55.4	70.7	73.7
OPEC[2]	3.0	5.1	17.2	18.9	27.4	35.8	33.2
Other[3]	11.8	15.8	24.3	22.4	28.0	34.9	40.6
Eastern Europe	.4	.6	1.0	.7	.9	1.1	1.4

[1] First 3 quarters at seasonally adjusted annual rate, preliminary. Detail will not add to totals because of seasonal adjustment discrepancy and rounding.

[2] Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela.

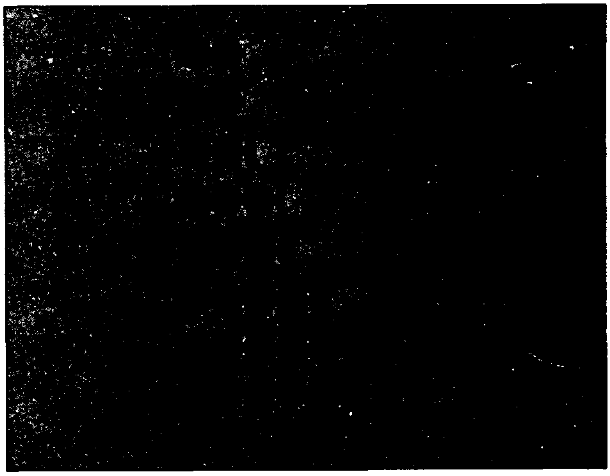
[3] Latin American Republics, other Western Hemisphere, and other countries in Asia and Africa, less petroleum exporting countries and the International Monetary Fund.

[4] Includes imports of nonmonetary gold from International Monetary Fund, not in area detail.

Note.—Data are on an international transactions basis and exclude military shipments.

Source: Department of Commerce, Bureau of Economic Analysis.

SHARES OF TOTAL WORLD EXPORTS



SHARES OF WORLD EXPORTS OF MANUFACTURES*

*World exports are defined as exports of the 14 industrial countries.

U.S. MERCHANDISE EXPORTS AND IMPORTS BY PRINCIPAL END-USE CATEGORIES, 1965–78

[Billions of dollars; quarterly data seasonally adjusted]

Year or quarter	Exports					Imports				
			Nonagricultural					Non-petroleum		
	Total	Agricultural	Total	Capital goods	Other goods	Total	Petroleum and products	Total	Industrial supplies	Other goods
1965	26.5	6.3	20.2	8.1	12.1	21.5	2.0	19.5	9.1	10.4
1966	29.3	6.9	22.4	8.9	13.5	25.5	2.1	23.4	10.2	13.2
1967	30.7	6.5	24.2	9.9	14.3	26.9	2.1	24.8	10.0	14.8
1968	33.7	6.3	27.3	11.1	16.2	33.0	2.4	30.6	12.0	18.6
1969	36.4	6.1	30.3	12.4	17.9	35.8	2.6	33.2	11.8	21.4
1970	42.5	7.4	35.1	14.7	20.4	39.9	2.9	36.9	12.5	24.5
1971	43.3	7.8	35.5	15.4	20.1	45.6	3.7	41.9	13.8	28.1
1972	49.4	9.5	39.7	16.9	23.0	55.8	4.7	51.1	16.3	34.8
1973	71.4	18.0	53.4	22.0	31.4	70.5	8.4	62.1	19.7	42.4
1974	98.3	22.4	75.9	30.9	45.0	103.6	26.6	77.1	28.0	49.1
1975	107.1	22.2	84.8	36.7	48.2	98.0	27.0	71.0	24.2	46.8
1976	114.7	23.4	91.3	39.1	52.2	124.0	34.6	89.1	30.0	59.5
1977	120.6	24.3	96.2	39.8	56.4	151.7	45.0	106.7	36.1	70.7
1977: I	29.5	6.2	23.3	9.6	13.7	36.5	11.6	24.9	8.1	16.9
II	30.6	6.5	24.1	9.8	14.3	37.3	11.5	25.7	9.1	16.6
III	31.0	6.0	25.0	10.3	14.7	38.3	11.3	27.0	9.2	17.8
IV	29.5	5.6	23.8	10.1	13.7	39.7	10.6	29.1	9.7	19.4
1978: I	30.7	6.5	24.2	10.0	14.2	41.9	9.9	31.9	10.7	21.2
II	35.1	8.0	27.1	11.1	16.0	42.9	10.8	32.1	11.2	20.9
III [p]	36.9	7.9	29.0	12.5	16.5	45.0	10.8	34.2	10.9	23.2

Note.—Data are on an international transactions basis and exclude military shipments.

Source: Department of Commerce, Bureau of Economic Analysis.

[p] Preliminary.

U.S. TRADE BALANCES ON SELECTED COMMODITIES

[In billions of dollars]

Commodity	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
Computers and parts	0.5	0.8	1.2	1.1	1.2	1.6	2.1	2.1	2.0	2.6
Basic chemicals and compounds	.7	.8	.9	.8	.6	1.0	1.4	1.6	1.5	1.4
Aircraft and parts	2.0	2.1	2.4	3.0	2.5	3.6	5.3	5.6	5.7	5.3
Other nonelectric machinery [1]	3.6	4.0	4.4	4.2	4.3	5.7	8.8	12.5	10.8	9.2
Motor vehicles and parts	−1.0	−1.4	−2.2	−3.5	−4.2	−4.5	−3.8	−1.6	−5.0	−6.6
Excluding trade with Canada	−.6	−.7	−1.2	−2.2	−2.9	−3.4	−4.0	−2.4	−4.7	−5.8
Consumer electronics	−.6	−1.0	−1.1	−1.3	−1.7	−2.0	−2.0	−1.6	−2.3	−3.4
Steel products	−1.4	−.8	−.8	−1.9	−1.9	−1.5	−2.3	−1.7	−2.7	−4.3
Textiles, clothing, and footwear	−1.5	−1.9	−2.2	−2.9	−3.3	−3.3	−2.9	−3.0	−4.4	−5.8

[1] Excludes aircraft, auto engines, and office machinery.

Sources: Council on International Economic Policy, *International Economic Report of the President*, January 1977; Department of Commerce FT 990, FT 135; The Conference Board.

COMPARISON—U.S. MERCHANDISE TRADE BALANCE—IMPORTS VALUED C.I.F. VERSUS F.A.S.[1]

[Billions of dollars]

	Imports f.a.s.	Imports c.i.f.
1970	2.6	0.8
1971	−2.3	−5.0
1972	−6.4	−10.0
1973	0.9	−3.1
1974	−5.3	−9.5
1975	9.0	4.2
1976	−9.4	−14.6
1977	−31.1	−36.3
1978: I	−11.2	−12.2
II	−7.8	−9.4
III	−8.0	([2])

[1] C.i.f.—cost, insurance, freight; f.a.s—free alongside ship.
[2] Not available.

Source: U.S. Department of Commerce.

U.S. MERCHANDISE TRADE WITH JAPAN [1]

[In billions of U.S. dollars]

	Exports	Imports	Balance
1958	1.0	0.7	0.3
1959	1.1	1.0	.1
1960	1.5	1.1	.4
1961	1.8	1.1	.7
1962	1.6	1.4	.2
1963	1.8	1.5	.3
1964	2.0	1.8	.2
1965	2.1	2.4	−.3
1966	2.4	3.0	−.6
1967	2.7	3.0	−.3
1968	3.0	4.1	−1.1
1969	3.5	4.9	−1.4
1970	4.7	5.9	−1.2
1971	4.1	7.3	−3.2
1972	4.9	9.1	−4.2
1973	8.3	9.7	−1.4
1974	10.7	12.4	−1.7
1975	9.6	11.3	−1.7
1976	10.2	15.5	−5.3
1977	10.6	18.6	−8.0
1978 [2]	12.2	24.4	−12.2

[1] Exports are f.a.s. and imports are customs values, generally the market value in the foreign country.
[2] Preliminary.

Source: U.S. Department of Commerce.

U.S. MERCHANDISE TRADE WITH CANADA [1]

[In billions of U.S. dollars]

	Exports	Imports	Balance
1958	3.5	3.0	0.5
1959	3.8	3.4	.4
1960	3.8	3.2	.6
1961	3.8	3.3	.5
1962	4.1	3.7	.4
1963	4.3	3.9	.4
1964	4.9	4.3	.6
1965	5.7	4.9	.8
1966	6.7	6.2	.5
1967	7.2	7.1	([2])
1968	8.1	9.0	−.9
1969	9.1	10.4	−1.3
1970	9.1	11.1	−2.0
1971	10.4	12.7	−2.3
1972	13.1	14.5	−1.4
1973	16.7	17.7	−1.0
1974	21.8	22.4	−0.6
1975	23.5	21.7	1.8
1976	26.3	26.5	−0.2
1977	28.3	29.7	−1.4
1978 [3]	30.1	32.9	−2.8

[1] Exports are f.a.s. and imports are customs values, generally the market value in the foreign country.
[2] Negligible.
[3] Preliminary.

Source: U.S. Department of Commerce.

WORLD CURRENT ACCOUNT BALANCES,[1] 1965, 1970, AND 1974–78

[Billions of U.S. dollars]

Area and country	1965	1970	1974	1975	1976	1977	1978 [2]
OECD	3.8	6.7	−25.3	0.3	−19.0	−27.5	0.5
United States	5.4	2.4	1.7	18.4	4.3	−15.3	−17.0
Canada	−1.1	1.1	−1.5	−4.7	−3.8	−3.9	−4.0
Japan	.9	2.0	−4.7	−.7	3.7	10.9	20.0
European Community [3]	.9	3.2	−12.4	.4	−6.6	.8	9.8
France	.4	.1	−6.0	−.1	−6.1	−3.3	2.0
West Germany	−1.6	.9	9.8	4.0	3.8	3.7	6.0
Italy	2.2	1.1	−8.0	−.8	−2.8	2.3	5.5
United Kingdom	−.1	1.8	−8.6	−4.1	−2.0	.5	−.5
Developing countries		−8.5	34.8	−11.2	11.0	7.5	−23.0
OPEC [4]		−.5	59.3	27.3	37.0	31.5	11.0
Other		−8.0	−24.5	−38.5	−26.0	−24.0	−34.0
Other [5]		−2.8	−9.8	−18.5	−12.8	−10.0	−10.8
Total		−4.5	−.3	−29.5	−20.8	−30.0	−33.3

[1] OECD basis.

[2] Preliminary estimates.

[3] Includes Belgium-Luxembourg, Denmark, Ireland, and the Netherlands, not shown separately.

[4] Includes Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Saudi Arabia, Bahrain, Qatar, United Arab Emirates, and Venezuela.

[5] Includes Communist countries and non-OECD developed countries.

Sources: International Monetary Fund, Organization for Economic Cooperation and Development, and Council of Economic Advisers.

WORLD TRADE BALANCE,[1] 1965, 1970, AND 1974–78

[Billions of U.S. dollars]

Area and country	1965	1970	1974	1975	1976	1977	1978[2]
Developed countries[3]	−6.9	−9.6	−60.7	−27.6	−54.2	−58.5	−35.8
United States	4.3	.8	−9.5	4.2	−14.6	−36.3	−43.8
Canada	−.2	2.5	.1	−2.1	.2	1.3	1.7
Japan	.3	.4	−6.5	−2.1	2.4	9.8	19.7
European Community[4]	−4.5	−3.9	−19.0	−3.5	−16.8	−7.7	3.1
France	−.2	−1.0	−6.7	−.8	−7.2	−5.5	−1.3
West Germany	.3	4.3	19.7	15.2	13.7	16.6	20.9
Italy	−.2	−1.8	−10.6	−3.6	−6.2	−2.5	.2
United Kingdom	−2.3	−2.4	−15.6	−9.6	−9.9	−6.4	−6.6
Other developed countries	−6.8	−9.4	−25.8	−24.1	−25.5	−25.7	−16.4

Developing countries	−1.8	−2.3	53.4	14.3	41.3	34.2	4.8
OPEC [5]	4.2	7.6	87.0	58.9	71.2	60.1	40.9
Other	−6.0	−9.9	−33.6	−44.6	−29.9	−25.9	−36.1
Communist countries [6]	.5	.5	−3.7	−10.4	−6.0	.5	−.2
U.S.S.R	.1	1.1	2.5	−3.7	−.9	4.3	3.9
Eastern Europe	.2	−.4	−4.7	−6.0	−6.1	−4.8	−3.9
China	.2	−.2	−.7	−.2	1.3	1.0	−.2
Total [7]	−8.2	−11.4	−11.0	−23.7	−18.9	−23.8	−31.2

[1] Exports f.a.s. (free alongside ship) less imports c.i.f. (cost, insurance, and freight).

[2] Prelimin ary estimates.

[3] Includes the OECD countries, South Africa, and non-OECD Europe.

[4] Includes Belgium-Luxembourg, Denmark, Ireland, and the Netherlands, not shown separately.

[5] Includes Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Saudi Arabia, United Arab Emirates, and Venezuela.

[6] Includes North Korea, Vietnam, Albania, Cuba, Mongolia, and Yugoslavia, not shown separately.

[7] Asymmetries arise in global payments aggregations because of discrepancies in coverage, classification, timing, and valuation in the recording of transactions by the countries involved.

Sources: International Monetary Fund, Organization for Economic Cooperation and Development, and Council of Economic Advisers.

WORLD EXPORTS (F.A.S.),[1] 1965, 1970, AND 1974–78

[Billions of U.S. dollars]

Area and country	1965	1970	1974	1975	1976	1977	1978 [2]
Developed countries [3]	129.7	225.9	547.9	583.3	647.3	734.8	853.4
United States	27.5	43.2	98.5	107.6	115.0	121.2	140.2
Canada	8.5	16.7	34.5	34.1	40.5	43.4	47.5
Japan	8.5	19.3	55.6	55.8	67.3	81.1	99.9
European Community [4]	64.8	113.0	276.9	298.4	328.8	382.0	444.0
France	10.2	18.1	46.3	53.1	57.2	65.0	79.5
West Germany	17.9	34.2	89.3	90.2	102.2	118.1	142.1
Italy	7.2	13.2	30.5	34.8	37.3	45.0	52.5
United Kingdom	13.8	19.6	39.4	44.5	46.7	58.2	71.2
Other developed countries	20.4	33.6	82.4	87.4	95.7	107.1	121.8

Developing countries	35.2	54.3	216.8	203.7	248.6	283.3	296.1
OPEC [5]	10.7	17.6	120.5	111.5	135.3	147.6	145.0
Other	24.5	36.7	96.3	92.2	113.3	135.7	151.1
Communist countries [6]	23.2	34.7	75.5	90.4	99.1	115.8	133.3
U.S.S.R	8.2	12.8	27.4	33.4	37.3	45.2	52.9
Eastern Europe	11.8	18.2	37.6	45.3	49.5	56.9	63.8
China	2.0	2.1	6.7	7.2	7.3	7.9	9.9
Total	188.1	314.9	840.2	877.4	995.0	1,133.9	1,282.8

[1] Free-alongside-ship value.
[2] Preliminary estimates.
[3] Includes the OECD countries, South Africa, and non-OECD Europe.
[4] Includes Belgium-Luxembourg, Denmark, Ireland, and the Netherlands, not shown separately.
[5] Includes Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Qator, Saudi Arabia, United Arab Emirates, and Venezuela.
[6] Includes North Korea, Vietnam, Albania, Cuba, Mongolia, and Yugoslavia, not shown separately.

Sources: International Monetary Fund, Organization for Economic Cooperation and Development, and Council of Economic Advisers.

WORLD IMPORTS (C.I.F.)[1] 1965, 1970, AND 1974–78

[Billions of U.S. dollars]

Area and country	1965	1970	1974	1975	1976	1977	1978[2]
Developed countries[3]	136.7	235.3	608.6	610.9	701.5	793.3	889.2
United States	23.2	42.4	108.0	103.4	129.6	157.6	184.0
Canada	8.7	14.3	34.4	36.2	40.3	42.1	45.8
Japan	8.2	18.9	62.1	57.9	64.9	71.3	80.2
European Community[4]	69.3	116.9	295.9	301.9	345.6	389.7	440.9
France	10.4	19.1	52.9	54.0	64.4	70.5	80.7
West Germany	17.6	29.9	69.6	74.9	88.4	101.5	121.2
Italy	7.4	15.0	41.1	38.4	43.4	47.6	52.4
United Kingdom	16.1	22.0	55.0	54.2	56.6	64.6	77.8
Other developed countries	27.3	43.0	108.2	111.5	121.2	132.7	138.2

Developing countries	37.0	56.6	163.3	189.5	207.2	249.1	291.3
OPEC [5]	6.5	10.0	33.4	52.7	64.1	87.5	104.1
Other	30.5	46.6	129.9	136.8	143.1	161.6	187.2
Communist countries [6]	22.6	34.2	79.2	100.8	105.1	115.3	133.5
U.S.S.R	8.1	11.7	24.9	37.1	38.2	40.9	49.0
Eastern Europe	11.6	18.5	42.3	51.3	55.6	61.7	67.7
China	1.8	2.2	7.4	7.4	6.0	6.9	10.1
Total	196.3	326.1	851.1	901.1	1,013.8	1,157.7	1,314.0

[1] Cost, insurance, and freight value.

[2] Preliminary estimates.

[3] Includes the OECD countries, South Africa, and non-OECD Europe.

[4] Includes Belgium-Luxembourg, Denmark, Ireland, and the Netherlands, not shown separately.

[5] Includes Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.

[6] Includes North Korea, Vietnam, Albania, Cuba, Mongolia, and Yugoslavia, not shown separately.

Sources: International Monetary Fund, Organization for Economic Cooperation and Development, and Council of Economic Advisers.

INTERNATIONAL INVESTMENT POSITION OF THE UNITED STATES AT YEAR END, 1970–77

[Billions of dollars]

Type of investment	1970	1972	1974	1975	1976	1977
Net international position of the United States	58.6	37.1	58.3	73.9	80.7	70.0
U.S. assets abroad	165.5	199.0	255.7	295.1	346.4	381.3
U.S. official reserve assets	14.5	13.2	15.9	16.2	18.7	19.3
Gold	11.1	10.5	11.7	11.6	11.6	11.7
Special drawing rights (SDR)	.9	2.0	2.4	2.3	2.4	2.6
Reserve position in the International Monetary Fund (IMF)	1.9	.5	1.9	2.2	4.4	4.9
Foreign currency reserves	.6	.2	0	.1	.3	0
Other U.S. Government assets	32.1	36.1	38.4	41.8	46.0	49.6
U.S. loans and other long-term assets	29.7	34.1	36.3	39.8	44.1	47.8
U.S. short-term assets other than reserves	2.5	2.0	2.1	2.0	1.9	1.8
U.S. private assets	118.8	149.7	201.5	237.1	281.7	312.4
Direct investments abroad (book value)	75.5	89.9	110.1	124.1	136.4	148.8
Foreign securities	21.0	27.6	28.2	34.9	44.1	49.3
Claims on foreigners reported by U.S. banks, not included elsewhere	13.8	20.7	46.2	59.8	81.1	92.6
Claims on unaffiliated foreigners reported by U.S. nonbanks	8.5	11.4	17.0	18.3	20.1	21.8

Foreign assets in the United States	106.8	161.8	197.4	221.2	265.7	311.3
Foreign official assets	26.1	63.2	80.3	87.6	106.6	143.1
U.S. Government securities [1]	17.7	52.9	57.7	63.3	73.6	106.0
Other U.S. Government liabilities	1.7	1.6	3.5	5.1	10.1	11.8
Liabilities reported by U.S. banks, not included elsewhere	6.7	8.5	18.4	16.3	17.2	18.0
Other official assets	0	.2	.6	2.9	5.6	7.2
Other foreign assets	80.7	98.7	117.1	133.6	159.1	168.2
Direct investments in the United States (book value)	13.3	14.9	25.1	27.7	30.8	34.1
Liabilities reported by U.S. banks, not included elsewhere	22.7	21.2	41.8	42.5	53.5	60.2
U.S. Treasury securities	1.2	1.2	1.7	4.2	7.0	7.6
Other U.S. securities [2]	34.7	50.7	34.9	45.3	54.8	53.1
Liabilities to unaffiliated foreigners reported by U.S. nonbanks	8.8	10.7	13.6	13.9	13.0	13.3

[1] Includes Treasury and agency issues of securities.
[2] Corporate and other bonds and corporate stocks.

Note.—Gold is valued at SDR35 per ounce, throughout. The SDR value is converted to dollars at $1/SDR before December 1971, at $1.08571/SDR from December 1971 through January 1973, at $1.20635/SDR from February 1973 through June 1974, and as measured by the basket valuation of the SDR beginning July 1974.

Source: Department of Commerce, Bureau of Economic Analysis.

INTERNATIONAL RESERVES, 1952, 1962, AND 1974–78

[Millions of dollars; end of period]

Area and country	1952	1962	1974	1975	1976	1977	1978, November
All countries	[1] 49.2	62.7	220.0	226.9	257.4	317.8	347.9
Industralized countries [2]	36.8	49.3	120.0	121.9	131.9	169.4	198.8
United States	24.7	17.2	16.1	15.9	18.3	19.4	18.6
Canada	2.0	2.6	5.9	5.3	5.8	4.6	4.5
Japan	1.1	2.0	13.5	12.8	16.6	23.3	32.7
Austria	.1	1.1	3.4	4.4	4.4	4.2	5.3
Belgium	1.1	1.8	5.3	5.8	5.2	5.8	5.8
France	.7	4.0	8.9	12.6	9.7	10.2	13.3
Germany	1.0	7.0	32.4	31.0	34.8	39.7	52.3
Italy	.7	4.1	6.9	4.8	6.7	11.6	14.1
Netherlands	1.0	2.0	7.0	7.1	7.4	8.1	6.9
Scandinavian countries (Denmark, Norway, and Sweden)	.8	1.4	4.6	6.2	5.6	7.5	10.0
Switzerland	1.7	3.0	9.0	10.4	13.0	13.8	18.4
United Kingdom	2.0	3.3	7.0	5.5	4.2	21.1	16.8
Other Europe	1.6	3.0	15.1	13.0	13.7	15.7	21.3

Australia, New Zealand, and South Africa	1.5	2.1	6.1	4.9	4.6	3.7	4.0
Oil exporting countries	1.7	2.0	47.0	56.5	65.2	75.5	59.3
Iran	.2	.2	8.4	8.9	8.8	12.3	...
Nigeria	1.0	.3	5.6	5.6	5.2	4.3	1.6
Saudi Arabia [3]	...	.3	14.3	23.3	27.0	30.0	19.8
Venezuela	.4	.6	6.5	8.9	8.6	8.2	6.5
Other [4]	.6	.7	12.2	9.8	15.6	20.8	...
Other less developed areas	7.2	6.3	31.7	30.5	42.0	53.7	64.4
Other Western Hemisphere	2.1	1.7	11.9	10.0	15.2	20.3	26.7
Other Middle East	1.0	1.0	4.8	5.2	5.8	7.5	8.5
Other Asia	3.5	2.7	12.1	12.5	17.9	22.1	25.4
Other Africa	.8	1.0	3.0	2.8	3.1	3.8	3.8

[1] Includes Cuba.
[2] Includes Luxembourg.
[3] Data beginning April 1978 exclude the foreign exchange cover against the note issue.
[4] Algeria, Indonesia, Iraq, Kuwait, Libya, Oman, Qatar, and United Arab Emirates.

Note.—International reserves is comprised of monetary authorities' holdings of gold, special drawing rights (SDR), reserve positions in the International Monetary Fund, and foreign exchange. Data exclude U.S.S.R., other Eastern European countries, Mainland China, and Cuba (after 1960).

Source: International Monetary Fund, "International Financial Statistics."

EXCHANGE RATES, 1971–78

[Cents per unit of foreign currency, except as noted]

Year and month	Belgian franc	Canadian dollar	French franc	German mark	Italian lira	Japanese yen
March 1973 rate	2.5377	100.333	22.191	35.548	0.17600	0.38190
1971: Mar	2.0145	99.367	18.129	27.538	0.16063	0.27971
June	2.0109	97.913	18.092	28.474	.16009	.27979
Sept	2.0921	98.717	18.112	29.794	.16292	.29583
Dec	2.1986	100.067	18.549	30.593	.16652	.31249
1972: Mar	2.2757	100.152	19.835	31.545	.17161	.33054
June	2.2758	102.902	19.937	31.560	.17142	.33070
Sept	2.2742	101.730	19.977	31.318	.17199	.33209
Dec	2.2670	100.326	19.657	31.262	.17146	.33196
1973: Mar	2.5377	100.333	22.191	35.548	.17600	.38190
June	2.6643	100.160	23.472	38.786	.16792	.37808
Sept	2.7089	99.181	23.466	41.246	.17691	.37668
Dec	2.4726	100.058	21.757	37.629	.15458	.35692
1974: Mar	2.5040	102.877	20.742	38.211	.15687	.35454
June	2.6366	103.481	20.408	39.603	.15379	.35340
Sept	2.5364	101.384	20.831	37.580	.15103	.33439
Dec	2.7158	101.192	22.109	40.816	.15179	.33288

1975: Mar	2.9083	99.954	23.804	43.120	.15842	.34731
June	2.8603	97.426	24.971	42.726	.15982	.34077
Sept	2.5485	97.437	22.367	38.191	.14740	.33345
Dec	2.5311	98.627	22.428	38.144	.14645	.32715
1976: Mar	2.5480	101.431	21.657	39.064	.12113	.33276
June	2.5220	102.712	21.109	38.797	.11780	.33424
Sept	2.6046	102.557	20.334	40.169	.11837	.34800
Dec	2.7483	98.204	20.055	41.965	.11521	.33933
1977: Mar	2.7258	95.125	20.075	41.812	.11276	.35687
June	2.7713	94.549	20.240	42.453	.11295	.36652
Sept	2.7910	93.168	20.314	43.034	.11318	.37486
Dec	2.9608	91.132	20.844	46.499	.11416	.41491
1978: Mar	3.1589	88.823	21.256	49.181	.11692	.43148
June	3.0590	89.143	21.841	47.984	.11634	.46744
Sept	3.2207	85.739	22.909	50.778	.12050	.52656
Dec	3.3637	84.763	23.178	53.217	.11863	.51038

Source: Board of Governors of the Federal Reserve System.

EXCHANGE RATES, 1971–78—Continued

[Cents per unit of foreign currency, except as noted]

	Netherlands guilder	Swedish krona	Swiss franc	United Kingdom pound	United States dollar (March 1973=100)	
					Multilateral trade-weighted average	Bilateral trade-weighted average
March 1973 rate—Continued	34.834	22.582	31.084	247.24	100.0	100.0
1971: Mar	27.816	19.369	23.254	241.87	120.2	114.6
June	28.065	19.370	24.409	241.87	119.3	114.8
Sept	29.308	19.732	25.118	246.94	115.8	111.8
Dec	30.503	20.434	25.615	252.66	112.3	108.7
1972: Mar	31.384	20.956	25.974	261.81	108.4	106.0
June	31.296	21.101	26.320	256.91	108.2	105.2
Sept	30.969	21.146	26.403	244.10	109.1	105.8
Dec	30.962	21.080	26.526	234.48	110.1	106.9
1973: Mar	34.834	22.582	31.084	247.24	100.0	100.0
June	36.582	23.746	32.757	257.62	96.5	98.5
Sept	38.542	23.769	33.146	241.83	95.1	98.3
Dec	35.615	22.026	31.252	231.74	101.5	102.2

1974: Mar	36.354	21.915	32.490	234.06	101.6	100.9
June	37.757	22.885	33.449	239.02	100.0	99.9
Sept	36.870	22.333	33.371	231.65	102.9	103.0
Dec	39.331	23.897	38.442	232.94	98.6	101.0
1975: Mar	42.124	25.481	40.273	241.80	93.9	98.5
June	41.502	25.532	40.086	228.03	94.8	100.0
Sept	37.229	22.501	36.905	208.35	103.0	104.9
Dec	37.234	22.685	37.970	202.21	103.5	105.0
1976: Mar	37.149	22.702	38.980	194.28	105.1	104.6
June	36.524	22.475	40.484	176.40	107.1	105.2
Sept	38.390	22.998	40.431	172.72	105.7	104.0
Dec	40.240	24.051	40.823	167.84	105.3	105.8
1977: Mar	40.079	23.726	39.209	171.74	105.2	106.2
June	40.326	22.625	40.170	171.91	104.4	105.6
Sept	40.604	20.602	42.115	174.31	103.8	105.4
Dec	42.955	21.044	48.168	185.46	98.4	101.9
1978: Mar	45.994	21.693	52.693	195.55	94.8	100.3
June	44.716	21.690	53.046	183.72	94.7	99.2
Sept	46.733	22.592	63.765	195.95	89.5	96.0
Dec	49.120	22.808	59.703	198.61	88.5	96.3

Source: Board of Governors of the Federal Reserve System.

GROWTH RATES IN REAL GROSS NATIONAL PRODUCT, 1960–78

[Percent change]

Area and country	1960–73 annual average	1974	1975	1976	1977	1978 [1]	U.S. dollar value in 1977 (billions) [2]
OECD countries	4.8	0.4	−0.6	5.2	3.7	3.5	4,917.8
United States	3.9	−1.4	−1.3	5.7	4.9	3.9	1,887.2
Canada	5.4	3.5	1.2	5.8	2.7	3.5	197.6
Japan	10.5	−1.0	2.4	6.0	5.2	5.8	690.5
European Community [3]	4.7	1.7	−1.8	5.0	2.3	2.8	1,573.0
France	5.7	2.6	−.1	5.6	3.0	3.0	380.7
West Germany	4.8	.5	−2.6	5.6	2.6	3.0	516.3
Italy	5.2	3.9	−3.5	5.6	1.7	2.0	196.0
United Kingdom	3.2	−.6	−1.6	2.6	1.6	3.0	245.2
Other OECD [4]	5.4	3.6	.0	3.5	1.8	2.3	569.5
Communist countries [5]	[6] 5.3	4.6	3.7	3.4	4.6		1,870.0
U.S.S.R	[6] 5.0	3.8	1.9	4.3	3.3	3.2	1,047.9
Eastern Europe	[6] 4.1	4.7	4.1	4.3	4.0		348.0
China	[6] 6.2	3.7	6.9	.1	9.0	10.5	372.0
Less developed countries							1,130.0
OPEC	[7] 9.0	8.0	.1	12.9	6.3		
Other	[7] 6.1	5.3	4.1	4.8	4.9		
Total							[8] 7,960.0

[1] Preliminary estimates.
[2] Estimates based on conversion of average rates of exchange for 1977, except for those of the Communist countries, which were converted at U.S. purchasing power equivalents.
[3] Includes Belgium-Luxembourg, Denmark, Ireland, and the Netherlands, not shown separately.
[4] Growth rates are for OECD countries other than the Big Seven (United States, Canada, Japan, France, West Germany, Italy, and the United Kingdom).
[5] Includes North Korea, Vietnam, Albania, Cuba, Mongolia, and Yugoslavia, not shown separately.
[6] 1961–73 annual average.
[7] 1967–73 annual average.
[8] Sum of OECD countries, Communist countries, and less developed countries plus a residual of $42.2 billion attributable to non-OECD developed countries.
Note: For Italy and United Kingdom, data relate to real gross domestic product. For France, data relate to gross domestic product excluding nonmarket activity such as compensation of employees in the government sector.

Sources: Department of Commerce, International Monetary Fund, Organization for Economic Cooperation and Development (OECD), and Council of Economic Advisers.

INDUSTRIAL PRODUCTION, MAJOR INDUSTRIAL COUNTRIES, 1960–78

[Quarterly data seasonally adjusted]

Year or quarter	United States	Canada	Japan	European Community[1]	France	West Germany	Italy	United Kingdom
	Industrial production (1967=100)[2]							
1960	66.2	63.0	43.0	74.7	71	77.6	60.0	84.0
1965	89.8	89.6	74.2	94.7	93	102.1	83.0	97.7
1970	107.8	115.3	151.7	123.3	120	131.1	117.6	110.9
1971	109.6	121.5	155.8	126.1	128	133.6	117.5	110.6
1972	119.7	130.7	167.2	131.7	135	138.7	122.7	113.2
1973	129.8	143.0	190.5	141.4	145	147.7	134.6	123.0
1874	129.3	147.5	183.1	142.3	148	145.1	140.6	120.0
1975	117.8	139.6	163.9	132.8	139	137.1	127.6	114.3
1976	129.8	146.7	182.0	142.5	149	149.1	143.5	117.4
1977	137.1	152.6	189.5	145.0	152	152.7	145.1	123.1
1978 *p*	145.1							
1977:								
I	133.6	151.4	189.2	149	153	153	154.5	123.2
II	137.0	151.7	188.9	147	152	151	143.6	123.0
III	138.4	152.7	188.7	144	151	152	142.5	123.6
IV	139.3	154.8	191.2	144	149	153	139.5	122.3
1978:								
I	139.6	155.8	196.7	146	152	153	146.0	124.1
II	144.0	157.8	200.2	146	155	153	144.6	128.0
III	147.0	160.4	201.6		154	157	145.2	128.3
IV *p*	149.5							

[1] Consists of Belgium-Luxembourg, Denmark, France, Ireland, Italy, Netherlands, United Kingdom, and West Germany.
[2] All data exclude construction.
p Preliminary.

Sources: Department of Commerce (Bureau of International Economic Policy and Research) and Department of Labor (Bureau of Labor Statistics).

CONSUMER PRICES, MAJOR INDUSTRIAL COUNTRIES, 1960–78

[1967=100]

Year or quarter	United States	Canada	Japan	France	West Germany	Italy	United Kingdom
1960	88.7	85.9	67.7	78.8	82.8	74.1	78.9
1965	94.5	93.1	91.5	94.8	94.9	94.2	93.9
1970	116.3	112.4	119.3	117.1	107.1	109.2	117.4
1971	121.3	115.6	126.5	123.5	112.7	114.4	128.5
1972	125.3	121.2	132.3	131.1	119.0	121.0	137.7
1973	133.1	130.3	147.9	140.7	127.2	134.0	150.2
1974	147.7	144.5	184.0	160.0	136.1	159.7	174.3
1975	161.2	160.1	205.8	178.9	144.2	186.8	216.5
1976	170.5	172.1	224.9	196.1	150.7	218.1	252.4
1977	181.5	185.9	243.0	214.5	156.6	255.2	292.4
1977:							
I	176.9	179.7	237.3	205.6	154.8	242.9	279.7
II	180.7	183.9	243.7	211.9	156.9	252.1	292.1
III	183.3	188.0	244.4	216.9	157.3	258.5	296.8
IV	185.3	192.0	246.5	221.1	157.6	267.2	301.1
1978:							
I	188.5	195.6	247.5	224.6	159.6	274.1	306.2
II	193.4	200.3	252.6	230.9	161.1	282.6	314.6
III	197.9	205.4	254.3	237.1	161.0	289.3	320.0

Source: Department of Commerce (Bureau of International Economic Policy and Research) and Department of Labor (Bureau of Labor Statistics).

UNEMPLOYMENT RATES, MAJOR INDUSTRIAL COUNTRIES, 1960–78

[Quarterly data seasonally adjusted]

Year or quarter	United States	Canada	Japan	European Community [1]	France	West Germany	Italy	United Kingdom
	Unemployment rate (percent) [2]							
1960	5.5	7.0	1.7	....	1.8	1.1	3.8	2.2
1965	4.5	3.9	1.2	....	1.6	.3	3.5	2.2
1970	4.9	5.7	1.2	....	2.6	.8	3.1	3.1
1971	5.9	6.2	1.3	....	2.8	.8	3.1	3.7
1972	5.6	6.2	1.4	....	2.9	.8	3.6	4.1
1973	4.9	5.6	1.3	....	2.7	.8	3.4	2.9
1974	5.6	5.4	1.4	....	3.0	1.7	2.8	2.9
1975	8.5	6.9	1.9	....	4.3	3.6	3.2	4.1
1976	7.7	7.1	2.0	....	4.7	3.6	3.6	5.5
1977	7.0	8.1	2.0	....	5.1	3.6	3.4	6.2
1978 [p]	6.0	8.4	2.3	....	5.5	3.4	3.5	6.1
1977:								
I	7.5	7.9	1.9	....	4.9	3.5	3.4	6.0
II	7.2	8.1	2.1	....	5.1	3.5	3.4	6.0
III	6.9	8.2	2.1	....	5.3	3.6	3.5	6.3
IV	6.6	8.4	2.1	....	4.9	3.5	3.4	6.4
1978:								
I	6.2	8.4	2.1	....	5.0	3.5	3.5	6.3
II	6.0	8.6	2.3	....	5.1	3.4	3.5	6.2
III	6.0	8.5	2.3	....	6.0	3.4	3.6	6.1
IV [p]	5.8	8.2	....	....	....	3.4	3.6	5.9

[1] Consists of Belgium-Luxembourg, Denmark, France, Ireland, Italy, Netherlands, United Kingdom, and West Germany.
[2] Unemployment rates adjusted to U.S. concepts. Data for United Kingdom exclude Northern Ireland.
[p] Preliminary.

Sources: Department of Commerce (Bureau of International Economic Policy and Research) and Department of Labor (Bureau of Labor Statistics).

HOURLY COMPENSATION, MAJOR INDUSTRIAL COUNTRIES, 1960–77

Year or quarter	United States	Canada	Japan	France	West Germany	Italy	United Kingdom
	Hourly compensation [1]						
1960	77.1	80.3	43.4	56.0	51.8	46.8	65.9
1961	79.5	78.9	50.3	61.7	60.5	51.8	70.8
1962	82.6	77.0	57.5	67.9	68.8	61.1	74.6
1963	85.2	79.0	64.1	75.0	73.6	72.3	77.9
1964	88.9	82.0	72.0	80.7	79.5	80.4	83.2
1965	91.0	86.2	81.1	86.9	85.7	86.0	91.2
1966	95.3	93.0	89.2	92.5	94.3	89.8	98.7
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968	107.1	107.4	116.9	112.6	105.9	106.8	93.3
1969	113.9	115.5	139.3	111.6	117.3	121.1	100.6
1970	121.7	128.2	165.9	117.2	145.9	145.0	115.1
1971	129.5	142.6	197.3	131.3	173.4	169.7	133.4
1972	136.6	156.8	259.2	159.9	211.4	206.0	153.3
1973	146.4	170.6	353.7	208.1	289.3	261.7	167.7
1974	161.1	201.7	431.2	229.6	342.5	291.6	204.5
1975	180.1	222.1	497.2	304.7	406.2	374.7	247.8
1976	195.1	261.3	538.3	312.5	420.1	352.6	237.8
1977	212.2	268.4	650.5	348.6	497.5	391.0	252.9

[1] Hourly compensation in manufacturing, U.S. dollar basis. Data relate to all employed persons (wage and salary earners and the self-employed) in the United States and Canada and to all employees (wage and salary earners) in the other countries. For France and United Kingdom compensation adjusted to include changes in employment taxes that are not compensation to employees, but are labor costs to employers.

Source: Department of Commerce (Bureau of International Economic Policy and Research) and Department of Labor (Bureau of Labor Statistics).

U.S. PRODUCTIVITY GROWTH BY INDUSTRY, 1950–77

[Percent change per year]

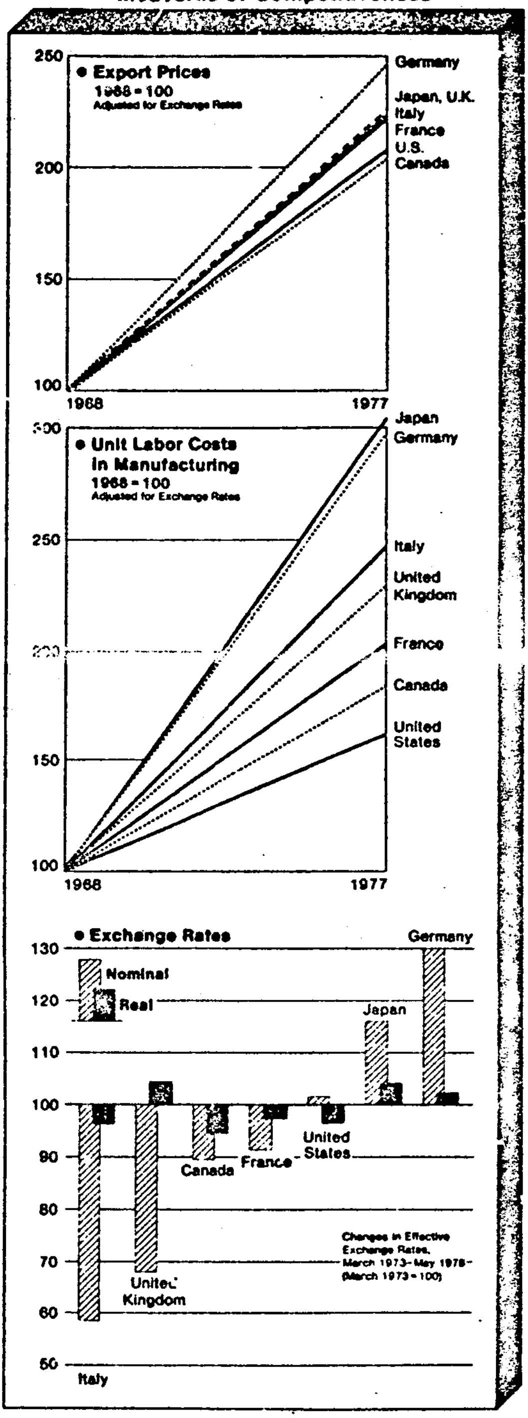
Industry	1977 output share (percent)[1]	1950 to 1965	1965 to 1973	1973 to 1977
Agriculture	2.9	4.9	3.6	3.0
Mining	1.5	4.3	1.9	−6.1
Construction	4.3	3.4	−2.1	.3
Manufacturing:				
Nondurable	9.9	3.2	3.3	2.2
Durable	14.4	2.5	2.2	1.2
Transportation	3.9	3.0	2.9	1.0
Communication	3.2	5.3	4.6	6.7
Uitilities	2.3	6.1	3.5	.2
Trade:				
Wholesale	7.3	2.6	3.4	−.8
Retail	10.0	2.3	2.1	.8
Finance, insurance, and real estate	15.4	1.6	.2	2.3
Services	12.0	1.2	1.7	−.3
Government	12.5	.4	.5	.1
All industries:				
Current weights	100.0	2.7	2.0	1.1
Fixed weight (1977 output weights)		2.6	1.9	1.1

[1] Detail may not add to 100 percent because of rounding.

Note: Growth data relate to output per hour worked for all persons.

Sources: Department of Commerce (Bureau of Economic Analysis) and Council of Economic Advisers.

Measures of Competitiveness



Sources: International Monetary Fund, Department of Commerce, Morgan Guaranty Trust Company

General Agreement on Tariffs and Trade

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ANNEXES

THE GENERAL AGREEMENT ON TARIFFS AND TRADE

The Governments of the Commonwealth of Australia, the Kingdom of Belgium, the United States of Brazil, Burma, Canada, Ceylon, the Republic of Chile, the Republic of China, the Republic of Cuba, the Czechoslovak Republic, the French Republic, India, Lebanon, the Grand-Duchy of Luxemburg, the Kingdom of the Netherlands, New Zealand, the Kingdom of Norway, Pakistan, Southern Rhodesia, Syria, the Union of South Africa, the United Kingdom of Great Britain and Northern Ireland, and the United States of America:

Recognizing that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, developing the full use of the resources of the world and expanding the production and exchange of goods,

Being desirous of contributing to these objectives by entering into reciprocal and mutually advantageous arrangements directed to the substantial reduction of tariffs and other barriers to trade and to the elimination of discriminatory treatment in international commerce,

Have through their Representatives agreed as follows:

PART I

Article I.—GENERAL MOST-FAVOURED-NATION TREATMENT

1. With respect to customs duties and charges of any kind imposed on or in connection with importation or exportation or imposed on the international transfer of payments for imports or exports, and with respect to the method of levying such duties and charges, and with respect to all rules and formalities in connection with importation and exportation, and with respect to all matters referred to in paragraphs 2 and 4 of Article III, any advantage, favour, privilege or immunity granted by any contracting party to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for the territories of all other contracting parties.

2. The provisions of paragraph 1 of this Article shall not require the elimination of any preferences in respect of import duties or charges which do not exceed the levels provided for in paragraph 4 of this Article and which fall within the following descriptions:

(a) preferences in force exclusively between two or more of the territories listed in Annex A, subject to the conditions set forth therein;

(b) preferences in force exclusively between two or more territories which on July 1, 1939, were connected by common sovereignty or relations of protection or suzerainty and which are listed in Annexes B, C and D, subject to the conditions set forth therein;

(c) preferences in force exclusively between the United States of America and the Republic of Cuba;

(d) preferences in force exclusively between neighbouring countries listed in Annexes E and F.

3. The provisions of paragraph 1 shall not apply to preferences between the countries formerly a part of the Ottoman Empire and detached from it on July 24, 1923, provided such preferences are approved under paragraph 5 of Article XXV,[1] which shall be applied in this respect in the light of paragraph of Article XXIX.

4. The margin of preference on any product in respect of which a preference is permitted under paragraph 2 of this Article but is not specifically set forth as a maximum margin of preference in the appropriate Schedule annexed to this Agreement shall not exceed:

(a) in respect of duties or charges on any product described in such Schedule, the difference between the most-favoured-nation and preferential rates provided for therein; if no preferential rate is provided for, the preferential rate shall for the purposes of this paragraph be taken to be that in force on April 10, 1947, and, if no most-favoured-nation rate is provided for, the margin shall not exceed the difference between the most-favoured-nation and preferential rates existing on April 10, 1947;

(b) in respect of duties or charges on any product not described in the appropriate Schedule, the difference between the most-favoured-nation and preferential rates existing on April 10, 1947.

In the case of the contracting parties named in Annex G, the date of April 10, 1947, referred to in sub-paragraphs (a) and (b) of this paragraph shall be replaced by the respective dates set forth in that Annex.

Article II.—SCHEDULES OF CONCESSIONS

1. (a) Each contracting party shall accord to the commerce of the other contracting parties treatment no less favourable than that provided for in the appropriate Part of the appropriate Schedule annexed to this Agreement.

(b) The products described in Part I of the Schedule relating to any contracting party, which are the products of territories of other contracting parties, shall, on their importation into the territory to which the Schedule relates, and subject to the terms, conditions or qualifications set forth in that Schedule, be exempt from ordinary customs duties in excess of those set forth and provided for therein. Such products shall also be exempt from all other duties or charges of any kind imposed on or in connection with importation in excess of those imposed on the date of this Agreement or those directly and mandatorily required to be imposed thereafter by legislation in force in the importing territory on that date.

[1] Pending the entry into force of the Protocol Amending Part I and Articles XXIX and XXX, this reference to Article XXV actually reads "sub-paragraph 5(a) of Article XXV," although paragraph 5 is no longer divided into sub-paragraphs (a), (b), etc., as was formerly the case. The present text of paragraph 5 was formerly sub-paragraph 5(a) of Article XXV.

(c) The products described in Part II of the Schedule relating to any contracting party which are the products of territories entitled under Article I to receive preferential treatment upon importation into the territory to which the Schedule relates shall, on their importation into such territory, and subject to the terms, conditions or qualifications set forth, in that Schedule, be exempt from ordinary customs duties in excess of those set forth and provided for in Part II of that Schedule. Such products shall also be exempt from all other duties or charges of any kind imposed on or in connection with importation in excess of those imposed on the date of this Agreement or those directly and mandatorily required to be imposed thereafter by legislation in force in the importing territory on that date. Nothing in this Article shall prevent any contracting party from maintaining its requirements existing on the date of this Agreement as to the eligibility of goods for entry at preferential rates of duty.

2. Nothing in this Article shall prevent any contracting party from imposing at any time on the importation of any product:

(a) a charge equivalent to an internal tax imposed consistently with the provisions of paragraph 2 of Article III in respect of the like domestic product or in respect of an article from which the imported product has been manufactured or produced in whole or in part;

(b) any anti-dumping or countervailing duty applied consistently with the provisions of Article VI;

(c) fees or other charges commensurate with the cost of services rendered.

3. No contracting party shall alter its method of determining dutiable value or of converting currencies so as to impair the value of any of the concessions provided for in the appropriate Schedule annexed to this Agreement.

4. If any contracting party establishes, maintains or authorizes, formally or in effect, a monopoly of the importation of any product described in the appropriate Schedule annexed to this Agreement, such monopoly shall not, except as provided for in that Schedule or as otherwise agreed between the parties which initially negotiated the concession, operate so as to afford protection on the average in excess of the amount of protection provided for in that Schedule. The provisions of this paragraph shall not limit the use by contracting parties of any form of assistance to domestic producers permitted by other provisions of this Agreement.

5. If any contracting party considers that a product is not receiving from another contracting party the treatment which the first contracting party believes to have been contemplated by a concession provided for in the appropriate Schedule annexed to this Agreement, it shall bring the matter directly to the attention of the other contracting party. If the latter agrees that the treament contemplated was that claimed by the first contracting party, but declares that such treatment cannot be accorded because a court or other proper authority has ruled to the effect that the product involved cannot be classified under the tariff laws of such contracting party so as to permit the treatment contemplated in this Agreement, the two contracting parties, together with any other contracting parties substantially interested, shall enter promptly into further negotiations with a view to a contemplated adjustment of the matter.

6. (a) The specific duties and charges included in the Schedules relating to contracting parties members of the International Monetary Fund, and margins of preference in specific duties and charges maintained by such contracting parties, are expressed in the appropriate currency at the part value accepted or provisionally recognized by the Fund at the date of this Agreement. Accordingly, in case this par value is reduced consistently with the Articles of Agreement of the International Monetary Fund by more than twenty per centum, such specific duties and charges and margins of preference may be adjusted to take account of such reduction; *Provided* that the Contracting Parties (i.e., the contracting parties acting jointly as provided for in Article XXV) concur that such adjustments will not impair the value of the concessions provided for in the appropriate Schedule or elsewhere in this Agreement, due account being taken of all factors which may influence the need for, or urgency of, such adjustments.

(b) Similar provisions shall apply to any contracting party not a member of the Fund, as from the date on which such contracting party becomes a member of the Fund or enters into a special exchange agreement in pursuance of Article XV.

7. The Schedules annexed to this Agreement are hereby made an integral part of Part I of this Agreement.

Part II

Article III.—NATIONAL TREATMENT ON INTERNAL TAXATION AND REGULATION

1. The contracting parties recognize that internal taxes and other internal charges, and laws, regulations and requirements affecting the internal sale, offering for sale, purchase, transportation, distribution or use of products, and internal quantitative regulations requiring the mixture, processing or use of products in specified amounts or proportions, should not be applied to imported or domestic products so as to afford protection to domestic production.

2. The products of the territory of any contracting party imported into the territory of any other contracting party shall not be subject, directly or indirectly, to internal taxes or other internal charges of any kind in excess of those applied, directly or indirectly, to like domestic products. Moreover, no contracting party shall otherwise apply internal taxes or other internal charges to imported or domestic products in a manner contrary to the principles set forth in paragraph 1.

3. With respect to any existing tax which is inconsistent with the provisions of paragraph 2, but which is specifically authorized under a trade agreement, in force on April 10, 1947, in which the import duty on the taxed product is bound against increase, the contracting party imposing the tax shall be free to postpone the application of the provisions of paragraph 2 to such tax until such time as it can obtain release from the obligations of such trade agreement in order to permit the increase of such duty to the extent necessary to compensate for the elimination of the protective element of the tax.

4. The products of the territory of any contracting party imported into the territory of any other contracting party shall be accorded treatment no less favourable than that accorded to like products of national origin in respect of all laws, regulations and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution or use. The provisions of this paragraph shall not prevent the application of differential internal transportation charges which are based exclusively on the economic operation of the means of transport and not on the nationality of the product.

5. No contracting party shall establish or maintain any internal quantitative regulation relating to the mixture, processing or use of products in specified amounts or proportions which requires, directly or indirectly, that any specified amount or proportion of any product which is the subject of the regulation must be supplied from domestic sources. Moreover, no contracting party shall otherwise apply internal quantitative regulations in a manner contrary to the principles set forth in paragraph 1.

6. The provisions of paragraph 5 shall not apply to any internal quantitative regulation in force in the territory of any contracting party on July 1, 1939, April 10, 1947, or March 24, 1948, at the option of that contracting party; *Provided* that any such regulation which is contrary to the provisions of paragraph 5 shall not be modified to the detriment of imports and shall be treated as a customs duty for the purpose of negotiation.

7. No internal quantitative regulation relating to the mixture, processing or use of products in specified amounts or proportions shall be applied in such a manner as to allocate any such amount or proportion among external sources of supply.

8. (a) The provisions of this Article shall not apply to laws, regulations or requirements governing the procurement by governmental agencies of products purchased for governmental purposes and not with a view to commercial resale or with a view to use in the production of goods for commercial sale.

(b) The provisions of this Article shall not prevent the payment of subsidies exclusively to domestic producers, including payments to domestic producers derived from the proceeds of internal taxes or charges applied consistently with the provisions of this Article and subsidies effected through governmental purchases of domestic products.

9. The contracting parties recognize that internal maximum price control measures, even though conforming to the other provisions of this Article, can have effects prejudicial to the interests of contracting parties supplying imported products. Accordingly, contracting parties applying such measures shall take account of the interests of exporting contracting parties with a view to avoiding to the fullest practicable extent such prejudicial effects.

10. The provisions of this Article shall not prevent any contracting party from establishing or maintaining internal quantitative regulations relating to exposed cinematograph films and meeting the requirements of Article IV.

Article IV.—SPECIAL PROVISIONS RELATING TO CINEMATOGRAPH FILMS

If any contracting party establishes or maintains internal quantitative regulations relating to exposed cinematograph films, such regulations shall take the form of screen quotas which shall conform to the following requirements:

(a) Screen quotas may require the exhibition of cinematograph films of national origin during a specified minimum proportion of the total screen time actually utilized, over a specified period of not less than one year, in the commercial exhibition of all films of whatever origin, and shall be computed on the basis of screen time per theatre per year or the equivalent thereof;

(b) With the exception of screen time reserved for films of national origin under a screen quota, screen time including that released by administrative action from screen time reserved for films of national origin, shall not be allocated formally or in effect among sources of supply;

(c) Notwithstanding the provisions of sub-paragraph (b) of this Article, any contracting party may maintain screen quotas conforming to the requirements of sub-paragraph (a) of this Article which reserve a minimum proportion of screen time for films of a specified origin other than that of the contracting party imposing such screen quotas; *Provided* that no such minimum proportion of screen time shall be increased above the level in effect on April 10, 1947;

(d) Screen quotas shall be subject to negotiation for their limitation, liberalization or elimination.

Article V.—FREEDOM OF TRANSIT

1. Goods (including baggage), and also vessels and other means of transport, shall be deemed to be in transit across the territory of a contracting party when the passage across such territory, with or without trans-shipment, warehousing, breaking bulk, or change in the mode of transport, is only a portion of a complete journey beginning and terminating beyond the frontier of the contracting party across whose territory the traffic passes. Traffic of this nature is termed in this Article "traffic in transit".

2. There shall be freedom of transit through the territory of each contracting party, via the routes most convenient for international transit, for traffic in transit to or from the territory of other contracting parties. No distinction shall be made which is based on the flag of vessels, the place of origin, departure, entry, exit or destination, or on any circumstances relating to the ownership of goods, of vessels or of other means of transport.

3. Any contracting party may require that traffic in transit through its territory be entered at the proper custom house, but, except in cases of failure to comply with applicable customs laws and regulations, such traffic coming from or going to the territory of other

contracting parties shall not be subject to any unnecessary delays or restrictions and shall be exempt from customs duties and from all transit duties or other charges imposed in respect of transit, except charges for transportation or those commensurate with administrative expenses entailed by transit or with the cost of services rendered.

4. All charges and regulations imposed by contracting parties on traffic in transit to or from the territories of other contracting parties shall be reasonable, having regard to the conditions of the traffic.

5. With respect to all charges, regulations and formalities in connection with transit, each contracting party shall accord to traffic in transit to or from the territory of any other contracting party treatment no less favourable than the treatment accorded to traffic in transit to or from any third country.

6. Each contracting party shall accord to products which have been in transit through the territory of any other contracting party treatment no less favourable than that which would have been accorded to such products had they been transported from their place of origin to their destination without going through the territory of such other contracting party. Any contracting party shall, however, be free to maintain its requirements of direct consignment existing on the date of this Agreement, in respect of any goods in regard to which such direct consignment is a requisite condition of eligibility for entry of the goods at preferential rates of duty or has relation to the contracting party's prescribed method of valuation for duty purposes.

7. The provisions of this Article shall not apply to the operation of aircraft in transit, but shall apply to air transit of goods (including baggage).

Article VI.—ANTI-DUMPING AND COUNTERVAILING DUTIES

1. The contracting parties recognize that dumping, by which products of one country are introduced into the commerce of another country at less than the normal value of the products, is to be condemned if it causes or threatens material injury to an established industry in the territory of a contracting party or materially retards the establishment of a domestic industry. For the purposes of this Article, a product is to be considered as being introduced into the commerce of an importing country at less than its normal value, if the price of the product exported from one country to another—

(a) is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country, or

(b) in the absence of such domestic price, is less than either (i) the highest comparable price for the like product for export to any third country in the ordinary course of trade, or (ii) the cost of production of the product in the country of origin plus a reasonable addition for selling cost and profit.

Due allowance shall be made in each case for differences in conditions and terms of sale, for differences in taxation, and for other differences affecting price comparability.

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2. In order to offset or prevent dumping, a contracting party may levy on any dumped product an anti-dumping duty not greater in amount than the margin of dumping in respect of such product. For the purposes of this Article, the margin of dumping is the price difference determined in accordance with the provisions of paragraph 1.

3. No countervailing duty shall be levied on any product of the territory of any contracting party imported into the territory of another contracting party in excess of an amount equal to the estimated bounty or subsidy determined to have been granted, directly or indirectly, on the manufacture, production or export of such product in the country of origin or exportation, including any special subsidy to the transportation of a particular product. The term "countervailing duty" shall be understood to mean a special duty levied for the purpose of offsetting any bounty or subsidy bestowed, directly or indirectly, upon the manufacture, production or export of any merchandise.

4. No product of the territory of any contracting party imported into the territory of any other contracting party shall be subject to anti-dumping or countervailing duty by reason of the exemption of such product from duties or taxes borne by the like product when destined for consumption in the country of origin or exportation, or by reason of the refund of such duties or taxes.

5. No product of the territory of any contracting party imported into the territory of any other contracting party shall be subject to both anti-dumping and countervailing duties to compensate for the same situation of dumping or export subsidization.

6. (a) No contracting party shall levy any anti-dumping or countervailing duty on the importation of any product of the territory of another contracting party unless it determines that the effect of the dumping or subsidization, as the case may be, is such as to cause or threaten material injury to an established domestic industry, or is such as to retard materially the establishment of a domestic industry.

(b) The Contracting Parties may waive the requirement of sub-paragraph (a) of this paragraph so as to permit a contracting party to levy an anti-dumping or countervailing duty on the importation of any product for the purpose of offsetting dumping or subsidization which causes or threatens material injury to an industry in the territory of another contracting party exporting the product concerned to the territory of the importing contracting party. The Contracting Parties shall waive the requirements of sub-paragraph (a) of this paragraph, so as to permit the levying of a countervailing duty, in cases in which they find that a subsidy is causing or threatening material injury to an industry in the territory of another contracting party exporting the product concerned to the territory of the importing contracting party.

(c) In exceptional circumstances, however, where delay might cause damage which would be difficult to repair, a contracting party may levy a countervailing duty for the purpose referred to in sub-paragraph (b) of this paragraph without the prior approval of the Contracting Parties; *Provided* that such action shall be reported immediately to the Contracting Parties and that the countervailing duty shall be withdrawn promptly if the Contracting Parties disapprove.

7. A system for the stabilization of the domestic price or of the return to domestic producers of a primary commodity, independently of the movements of export prices, which results at times in the sale of the commodity for export at a price lower than the comparable price charged for the like commodity to buyers in the domestic market, shall be presumed not to result in material injury within the meaning of paragraph 6 if it is determined by consultation among the contracting parties substantially interested in the commodity concerned that:

(a) the system has also resulted in the sale of the commodity for export at a price higher than the comparable price charged for the like commodity to buyers in the domestic market, and

(b) the system is so operated, either because of the effective regulation of production, or otherwise, as not to stimulate exports unduly or otherwise seriously prejudice the interests of other contracting parties.

Article VII.—VALUATION FOR CUSTOMS PURPOSES

1. The contracting parties recognize the validity of the general principles of valuation set forth in the following paragraphs of this Article, and they undertake to give effect to such principles, in respect of all products subject to duties or other charges or restrictions on importation and exportation based upon or regulated in any manner by value. Moreover, they shall, upon a request by another contracting party review the operation of any of their laws or regulations relating to value for customs purposes in the light of these principles. The Contracting Parties may request from contracting parties reports on steps taken by them in pursuance of the provisions of this Article.

2. (a) The value for customs purposes of imported merchandise should be based on the actual value of the imported merchandise on which duty is assessed, or of like merchandise, and should not be based on the value of merchandise of national origin or on arbitrary or fictitious values.

(b) "Actual value" should be the price at which, at a time and place determined by the legislation of the country of importation, such or like merchandise is sold or offered for sale in the ordinary course of trade under fully competitive conditions. To the extent to which the price of such or like merchandise is governed by the quantity in a particular transaction, the price to be considered should uniformly be related to either (i) comparable quantities, or (ii) quantities not less favourable to importers than those in which the greater volume of the merchandise is sold in the trade between the countries of exportation and importation.

(c) When the actual value is not ascertainable in accordance with sub-paragraph (b) of this paragraph, the value for customs purposes should be based on the nearest ascertainable equivalent of such value.

3. The value for customs purposes of any imported product should not include the amount of any internal tax, applicable within the country of origin or export, from which the imported product has been exempted or has been or will be relieved by means of refund.

4. (a) Except as otherwise provided for in this paragraph, where it is necessary for the purposes of paragraph 2 of this Article for a contracting party to convert into its own currency a price expressed in the currency of another country, the conversion rate of exchange to be used shall be based, for each currency involved, on the par value as established pursuant to the Articles of Agreement of the International Monetary Fund or on the rate of exchange recognized by the Fund, or on the par value established in accordance with a special exchange agreement entered into pursuant to Article XV of this Agreement.

(b) Where no such established par value and no such recognized rate of exchange exist, the conversion rate shall reflect effectively the current value of such currency in commercial transactions.

(c) The Contracting Parties, in agreement with the International Monetary Fund, shall formulate rules governing the conversion by contracting parties of any foreign currency in respect of which multiple rates of exchange are maintained consistently with the Articles of Agreement of the International Monetary Fund. Any contracting party may apply such rules in respect of such foreign currencies for the purposes of paragraph 2 of this Article as an alternative to the use of par values. Until such rules are adopted by the Contracting Parties, any contracting party may employ, in respect of any such foreign currency, rules of conversion for the purposes of paragraph 2 of this Article which are designed to reflect effectively the value of such foreign currency in commercial transactions.

(d) Nothing in this paragraph shall be construed to require any contracting party to alter the method of converting currencies for customs purposes which is applicable in its territory on the date of this Agreement, if such alteration would have the effect of increasing generally the amounts of duty payable.

5. The bases and methods for determining the value of products subject to duties or other charges or restrictions based upon or regulated in any manner by value should be stable and should be given sufficient publicity to enable traders to estimate, with a reasonable degree of certainty, the value for customs purposes.

Article VIII.—FEES AND FORMALITIES CONNECTED WITH IMPORTATION AND EXPORTATION

1. (a) All fees and charges of whatever character (other than import and export duties and other than taxes within the purview of Article III) imposed by contracting parties on or in connection with importation or exportation shall be limited in amount to the approximate cost of services rendered and shall not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes.

(b) The contracting parties recognize the need for reducing the number and diversity of fees and charges referred to in sub-paragraph (a).

(c) The contracting parties also recognize the need for minimizing the incidence and complexity of import and export formalities and for decreasing and simplifying import and export documentation requirements.

2. A contracting party shall, upon request by another contracting party or by the Contracting Parties, review the operation of its laws and regulations in the light of the provisions of this Article.

3. No contracting party shall impose substantial penalties for minor breaches of customs regulations or procedural requirements. In particular, no penalty in respect of any omission or mistake in customs documentation which is easily rectifiable and obviously made without fraudulent intent or gross negligence shall be greater than necessary to serve merely as a warning.

4. The provisions of this Article shall extend to fees, charges, formalities and requirements imposed by governmental authorities in connection with importation and exportation, including those relating to:

(a) consular transactions, such as consular invoices and certificates;
(b) quantitative restrictions;
(c) licensing;
(d) exchange control;
(e) statistical services;
(f) documents, documentation and certification;
(g) analysis and inspection; and
(h) quarantine, sanitation and fumigation.

Article IX.—MARKS OF ORIGIN

1. Each contracting party shall accord to the products of the territories of other contracting parties treatment with regard to marking requirements no less favourable than the treatment accorded to like products of any third country.

2. The contracting parties recognize that, in adopting and enforcing laws and regulations relating to marks of origin, the difficulties and inconveniences which such measures may cause to the commerce and industry of exporting countries should be reduced to a minimum, due regard being had to the necessity of protecting consumers against fraudulent or misleading indications.

3. Whenever it is administratively practicable to do so, contracting parties should permit required marks of origin to be affixed at the time of importation.

4. The laws and regulations of contracting parties relating to the marking of imported products shall be such as to permit compliance without seriously damaging the products, or materially reducing their value, or unreasonably increasing their cost.

5. As a general rule, no special duty or penalty should be imposed by any contracting party for failure to comply with marking requirements prior to importation unless corrective marking is unreasonably delayed or deceptive marks have been affixed or the required marking has been intentionally omitted.

6. The contracting parties shall co-operate with each other with a view to preventing the use of trade names in such manner as to misrepresent the true origin of a product, to the detriment of such distinctive regional or geographical names of products of the territory of a contracting party as are protected by its legislation. Each contracting party shall accord full and sympathetic consideration to such

requests or representations as may be made by any other contracting party regarding the application of the undertaking set forth in the preceding sentence to names of products which have been communicated to it by the other contracting party.

Article X.—PUBLICATION AND ADMINISTRATION OF TRADE REGULATIONS

1. Laws, regulations, judicial decisions and administrative rulings of general application, made effective by any contracting party, pertaining to the classification or the valuation of products for customs purposes, or to rates of duty, taxes or other charges, or to requirements, restrictions or prohibitions on imports or exports or on the transfer of payments therefor, or affecting their sale, distribution, transportation, insurance, warehousing, inspection, exhibition, processing, mixing or other use, shall be published promptly in such a manner as to enable governments and traders to become acquainted with them. Agreements affecting international trade policy which are in force between the government or a governmental agency of any contracting party and the government or governmental agency of any other contracting party shall also be published. The provisions of this paragraph shall not require any contracting party to disclose confidential information which would impede law enforcement or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of particular enterprises, public or private.

2. No measure of general application taken by any contracting party effecting an advance in a rate of duty or other charge on imports under an established and uniform practice, or imposing a new or more burdensome requirement, restriction or prohibition on imports, or on the transfer of payments therefor, shall be enforced before such measure has been officially published.

3. (a) Each contracting party shall administer in a uniform, impartial and reasonable manner all its laws, regulations, decisions and rulings of the kind described in paragraph 1 of this Article.

(b) Each contracting party shall maintain, or institute as soon as practicable, judicial, arbitral or administrative tribunals or procedures for the purpose, *inter alia*, of the prompt review and correction of administrative action relating to customs matters. Such tribunals or procedures shall be independent of the agencies entrusted with administrative enforcement and their decisions shall be implemented by, and shall govern the practice of, such agencies unless an appeal is lodged with a court or tribunal of superior jurisdiction within the time prescribed for appeals to be lodged by importers; *Provided* that the central administration of such agency may take steps to obtain a review of the matter in another proceeding if there is good cause to believe that the decision is inconsistent with established principles of law or the actual facts.

(c) The provisions of sub-paragraph (b) of this paragraph shall not require the elimination or substitution of procedures in force in the territory of a contracting party on the date of this Agreement which in fact provide for an objective and impartial review of administrative action even though such procedures are not fully or formally independent of the agencies entrusted with administrative enforcement. Any contracting party employing such procedures shall, upon request, furnish the Contracting Parties with full information thereon in order that they may determine whether such procedures conform to the requirements of this subparagraph.

Article XI.—GENERAL ELIMINATION OF QUANTITATIVE RESTRICTIONS

1. No prohibitions or restrictions other than duties, taxes or other charges, whether made effective through quotas, import or export licenses or other measures, shall be instituted or maintained by any contracting party on the importation of any product of the territory of any other contracting party or on the exportation or sale for export of any product destined for the territory of any other contracting party.

2. The provisions of paragraph 1 of this Article shall not extend to the following:

(a) Export prohibitions or restrictions temporarily applied to prevent or relieve critical shortages of foodstuffs or other products essential to the exporting contracting party;

(b) Import and export prohibitions or restrictions necessary to the application of standards or regulations for the classification, grading or marketing of commodities in international trade;

(c) Import restrictions on any agricultural or fisheries product, imported in any form, necessary to the enforcement of governmental measures which operates:

(i) to restrict the quantities of the like domestic product permitted to be marketed or produced, or, if there is no substantial domestic production of the like product, of a domestic product for which the imported product can be directly substituted; or

(ii) to remove a temporary surplus of the like domestic product, or, if there is no substantial domestic production of the like product, of a domestic product for which the imported product can be directly substituted, by making the surplus available to certain groups of domestic consumers free of charge or at prices below the current market level; or

(iii) to restrict the quantities permitted to be produced of any animal product the production of which is directly dependent, wholly or mainly, on the imported commodity, if the domestic production of that commodity is relatively negligible.

Any contracting party applying restrictions on the importation of any product pursuant to sub-paragraph (c) of this paragraph shall give public notice of the total quantity or value of the product permitted to be imported during a specified future period and of any change in such quantity or value. Moreover, any restrictions applied under (i) above shall not be such as will reduce the total of imports relative to the total of domestic production, as compared with the proportion which might reasonably be expected to rule between the two in the absence of restrictions. In determining this proportion, the contracting party shall pay due regard to the proportion prevailing during a previous representative period and to any special factors which may have affected or may be affecting the trade in the product concerned.

Article XII.—RESTRICTIONS TO SAFEGUARD THE BALANCE OF PAYMENTS

1. Notwithstanding the provisions of paragraph 1 of Article XI, any contracting party, in order to safeguard its external financial position and its balance of payments, may restrict the quantity or value of merchandise permitted to be imported, subject to the provisions of the following paragraphs of this Article.

2. (a) Import restrictions instituted, maintained or intensified by a contracting party under this Article shall not exceed those necessary:

(i) to forestall the imminent threat of, or to stop, a serious decline in its monetary reserves, or

(ii) in the case of a contracting party with very low monetary reserves, to achieve a reasonable rate of increase in its reserves.

Due regard shall be paid in either case to any special factors which may be affecting the reserves of such contracting party or its need for reserves, including, where special external credits or other resources are available to it, the need to provide for the appropriate use of such credits or resources.

(b) Contracting parties applying restrictions under sub-paragraph (a) of this paragraph shall progressively relax them as such conditions improve, maintaining them only to the extent that the conditions specified in that sub-paragraph still justify their application. They shall eliminate the restrictions when conditions would no longer justify their institution or maintenance under that sub-paragraph.

3. (a) Contracting parties undertake, in carrying out their domestic policies, to pay due regard to the need for maintaining or restoring equilibrium in their balance of payments on a sound and lasting basis and to the desirability of avoiding an uneconomic employment of productive resources. They recognize that in order to achieve these ends, it is desirable so far as possible to adopt measures which expand rather than contract international trade.

(b) Contracting parties applying restrictions under this Article may determine the incidence of the restrictions on imports of different products or classes of products in such a way as to give priority to the importation of those products which are more essential.

(c) Contracting parties applying restrictions under this Article undertake:

(i) to avoid unnecessary damage to the commercial or economic interests of any other contracting party;

(ii) not to apply restrictions so as to prevent unreasonably the importation of any description of goods in minimum commercial quantities the exclusion of which would impair regular channels of trade; and

(iii) not to apply restrictions which would prevent the importation of commercial samples or prevent compliance with patent, trade mark, copyright, or similar procedures.

(d) The contracting parties recognize that, as a result of domestic policies directed towards the achievement and maintenance of full and productive employment or towards the development of economic resources, a contracting party may experience a high level of demand for imports involving a threat to its monetary reserves of the sort referred to in paragraph 2(a) of this Article. Accordingly, a contracting party otherwise complying with the provisions of this Article shall not be required to withdraw or modify restrictions on the ground that a change in those policies would render unnecessary restrictions which it is applying under this Article.

4. (a) Any contracting party applying new restrictions or raising the general level of its existing restrictions by a substantial intensification of the measures applied under this Article shall immediately after instituting or intensifying such restrictions (or, in circumstances in which prior consultation is practicable, before doing so) consult with the contracting parties as to the nature of its balance of payments difficulties, alternative corrective measures which may be available, and the possible effect of the restrictions on the economies of other contracting parties.

(b) On a date to be determined by them, the Contracting Parties shall review all restrictions still applied under this Article on that date. Beginning one year after that date, contracting parties applying import restrictions under this Article shall enter into consultations of the type provided for in sub-paragraph (a) of this paragraph with the Contracting Parties annually.

(c) (i) If, in the course of consultations with a contracting party under sub-paragraph (a) or (b) above, the Contracting Parties find that the restrictions are not consistent with the provisions of this Article or with those of Article XIII (subject to the provisions of Article XIV), they shall indicate the nature of the inconsistency and may advise that the restrictions be suitably modified.

(ii) If, however, as a result of the consultations, the Contracting Parties determine that the restrictions are being applied in a manner involving an inconsistency of a serious nature with the provisions of this Article or with those of Article XIII (subject to the provisions of Article XIV) and that damage to the trade of any contracting party is caused or threatened thereby, they shall so inform the contracting party applying the restrictions and shall make appropriate recommendations for securing conformity with such provisions within a specified period of time. If such contracting party does not comply with these recommendations within the specified period, the Contracting Parties may release any contracting party the trade of which is adversely affected by the restrictions from such obligations under this Agreement towards the contracting party applying the restrictions as they determine to be appropriate in the circumstances.

(d) The Contracting Parties shall invite any contracting party which is applying restrictions under this Article to enter into consultations with them at the request of any contracting party which can establish a *prima facie* case that the restrictions are inconsistent with the provisions of this Article or with those of Article XIII (subject to the provisions of Article XIV) and that its trade is adversely affected thereby. However, no such invitation shall be issued unless the contracting parties have ascertained that direct discussions between the Contracting Parties concerned have not been successful. If, as a result of the consultations with the Contracting Parties, no agreement is reached and they determine that the restrictions are being applied inconsistently with such provisions, and that damage to the trade of the contracting party initiating the procedure is caused or threatened thereby, they shall recommend the withdrawal or modification of the restrictions. If the restrictions are not withdrawn or modified within such time as the Contracting Parties may prescribe, they may release the contracting party initiating the procedure from such obligations under this Agreement towards the contracting party applying the restrictions as they determine to be appropriate in the circumstances.

(e) In proceeding under this paragraph, the Contracting Parties shall have due regard to any special external factors adversely affecting the export trade of the contracting party applying restrictions.

(f) Determinations under this paragraph shall be rendered expeditiously and, if possible, within sixty days of the initiation of the consultations.

5. If there is a persistent and widespread application of import restrictions under this Article, indicating the existence of a general disequilibrium which is restricting international trade, the Contracting Parties shall initiate discussions to consider whether other measures might be taken, either by those contracting parties the balances of payments of which are under pressure or by those the balances of payments of which are tending to be exceptionally favourable, or by any appropriate intergovernmental organization, to remove the underlying causes of the disequilibrium. On the invitation of the Contracting Parties, contracting parties shall participate in such discussions.

Article XIII.—NON-DISCRIMINATORY ADMINISTRATION OF QUANTITATIVE RESTRICTIONS

1. No prohibition or restriction shall be applied by any contracting party on the importation of any product of the territory of any other contracting party or on the exportation of any product destined for the territory of any other contracting party, unless the importation of the like product of all third countries or the exportation of the like product to all third countries is similarly prohibited or restricted.

2. In applying import restrictions to any product, contracting parties shall aim at a distribution of trade in such product approaching as closely as possible the shares which the various contracting parties might be expected to obtain in the absence of such restrictions, and to this end shall observe the following provisions:

(a) Wherever practicable, quotas representing the total amount of permitted imports (whether allocated among supplying countries or not) shall be fixed, and notice given of their amount in accordance with paragraph 3(b) of this Article;

(b) In cases in which quotas are not practicable, the restrictions may be applied by means of import licences or permits without a quota;

(c) Contracting parties shall not, except for purposes of operating quotas allocated in accordance with subparagraph (d) of this paragraph, require that import licenses or permits be utilized for the importation of the product concerned from a particular country or source;

(d) In cases in which a quota is allocated among supplying countries, the contracting party applying the restrictions may seek agreement with respect to the allocation of shares in the quota with all other contracting parties having a substantial interest in supplying the product concerned. In cases in which this method is not reasonably practicable, the contracting party concerned shall allot to contracting parties having a substantial interest in supplying the product shares based upon the proportions, supplied by such contracting parties during a previous representative period, of the total quantity or value of imports of the product, due account being taken of any special factors which may have affected or may be affecting the trade in the product. No conditions or formalities shall be imposed which would prevent any contracting party from utilizing fully the share of any such total quantity or value which has been allotted to it, subject to importation being made within any prescribed period to which the quota may relate.

3. (a) In cases in which import licences are issued in connection with import restrictions, the contracting party applying the restrictions shall provide, upon the request of any contracting party having an interest in the trade in the product concerned, all relevant information concerning the administration of the restrictions, the import licences granted over a recent period and the distribution of such licences among supplying countries; *Provided* that there shall be no obligation to supply information as to the names of importing or supplying enterprises.

(b) In the case of import restrictions involving the fixing of quotas, the contracting party applying the restrictions shall give public notice of the total quantity or value of the product or products which will be permitted to be imported during a specified future period and of any change in such quantity or value. Any supplies of the product in question which were *en route* at the time at which public notice was given shall not be excluded from entry; *Provided* that they may be counted so far as practicable, against the quantity permitted to be imported in the period in question, and also, where necessary, against the quantities permitted to be imported in the next following period or periods; and *Provided* further that if any contracting party customarily exempts from such restrictions products entered for consumption or withdrawn from warehouse for consumption during a period of thirty days after the day of such public notice, such practice shall be considered full compliance with this sub-paragraph.

(c) In the case of quotas allocated among supplying countries, the contracting party applying the restrictions shall promptly inform all other contracting parties having an interest in supplying the product concerned of the shares in the quota currently allocated, by quantity or value, to the various supplying countries and shall give public notice thereof.

4. With regard to restrictions applied in accordance with paragraph 22(d) of this Article or under paragraph 2(c) of Article XI, the selection of a representative period for any product and the appraisal of any special factors affecting the trade in the product shall be made initially by the contracting party applying the restriction; *Provided* that such contracting party shall, upon the request of any other contracting party shall, uupon the request of any other contracting party having a substantial interest in supplying that product or upon the request of the Contracting Parties, consult promptly with the other contracting party or the Contracting Parties regarding the need for an adjustment of the proportion determined or of the base period selected, or for the reappraisal of the special factors involved, or for the elimination of conditions,. formalities or any other provisions established unilaterally relating to the allocation of an adequate quota or its unrestricted utilization.

5. The provisions of this Article shall apply to any tariff quota instituted or maintained by any contracting party, and, in so far as applicable, the principles of this Article shall also extend to export restrictions.

Article XIV.—EXCEPTIONS TO THE RULE OF NON-DISCRIMINATION [1]

1. A contracting party which applies restrictions under Article XII or under Section B of Article XVIII may, in the application of such restrictions, deviate from the provisions of Article XIII in a manner having equivalent effect to restrictions on payments and transfers for current international transactions which that contracting party may at that time apply under Article VIII or XIV of the Articles of Agreement of the International Monetary Fund, or under analogous provisions of a special exchange agreement entered into pursuant to paragraph 6 of Article XV.

2. A contracting party which is applying import restrictions under Article XII or under Section B of Article XVIII may, with the consent of the Contracting Parties, temporarily deviate from the provisions of Article XIII in respect of a small part of its external trade where the benefits to the contracting party or contracting parties concerned substantially outweigh any injury which may result to the trade or other contracting parties.

3. The provisions of Article XIII shall not preclude a group of territories having a common quota in the International Monetary Fund from applying against imports from other countries, but not among themselves, restrictions in accordance with the provisions of Article XII or of Section B of Article XVIII on condition that such restrictions are in all other respects consistent with the provisions of Article XIII.

4. A contracting party applying import restrictions under Article XII or under Section B of Article XVIII shall not be precluded by Articles XI to XV or Section B of Article XVIII of this Agreement

[1] Text as amended Feb. 15, 1961, on which date Annex J was deleted.

from applying measures to direct its exports in such a manner as to increase its earnings of currencies which it can use without deviation from the provisions of Article XIII.

5. A contracting party shall not be precluded by Articles XI to XV, inclusive, or by Section B of Article XVIII, of this Agreement from applying quantitative restrictions:

(a) having equivalent effect to exchange restrictions authorized under Section 3(b) of Article VII of the Articles of Agreement of the International Monetary Fund, or

(b) under the preferential arrangements provided for in Annex A of this Agreement, pending the outcome of the negotiations referred to therein.

Article XV.—EXCHANGE ARRANGEMENTS

1. The Contracting Parties shall seek co-operation with the International Monetary Fund to the end that the Contracting Parties and the Fund may pursue a coordinated policy with regard to exchange questions within the jurisdiction of the Fund and questions of quantitative restrictions and other trade measures within the jurisdiction of the Contracting Parties.

2. In all cases in which the Contracting Parties are called upon to consider or deal with problems concerning monetary reserves, balances of payments or foreign exchange arrangement, they shall consult fully with the International Monetary Fund. In such consultations, the Contracting Parties shall accept all findings of statistical and other facts presented by the Fund relating to foreign exchange, monetary rescerves and balances of payments, and shall accept the determination of the Fund as to whether action by a contracting party in exchange matters is in accordance with the Articles of Agreement of the International Monetary Fund, or with the terms of a special exchange agreement between that contracting party and the Contracting Parties. The Contracting Parties, in reaching their final decision in cases involving the criteria set forth in paragraph 2(a) of Article XII or in paragraph 9 of Article XVIII, shall accept the determination of the Fund as to what constitutes a serious decline in the contracting party's monetary reserves, a very low level of its monetary reserves or a reasonable rate of increase in its monetary reserves, and as to the financial aspects of other matters covered in consultation in such cases.

3. The Contracting Parties shall seek agreement with the Fund regarding procedures for consultation under paragraph 2 of this Article.

4. Contracting parties shall not, by exchange action, frustrate the intent of the provisions of this Agreement, nor, by trade action, the intent of the provisions of the Articles of Agreement of the International Monetary Fund.

5. If the Contracting Parties consider, at any time, that exchange restrictions on payments and transfers in connection with imports are being applied by a contracting party in a manner inconsistent with the exceptions provided for in this Agreement for quantitative restrictions, they shall report thereon to the Fund.

6. Any contracting party which is not a member of the Fund shall, within a time to be determined by the Contracting Parties after consultation with the Fund, become a member of the Fund, or, failing that, enter into a special exchange agreement with the Contracting Parties. A contracting party which ceases to be a member of the Fund shall forthwith enter into a special exchange agreement with the Contracting Parties. Any special exchange agreement entered into by a contracting party under this paragraph shall thereupon become part of its obligations under this Agreement.

7. (a) A special exchange agreement between a contracting party and the Contracting Parties under paragraph 6 of this Article shall provide to the satisfaction of the Contracting Parties that the objecives of this Agreement will not be frustrated as a result of action in exchange matters by the contracting party in question.

(b) The terms of any such agreement shall not impose obligations on the contracting party in exchange matters generally more restrictive than those imposed by the Articles of Agreement of the International Monetary Fund on members of the Fund.

8. A contracting party which is not a member of the Fund shall furnish such information within the general scope of section 5 of Article VIII of the Articles of Agreement of the International Monetary Fund as the Contracting Parties may require in order to carry out their functions under this Agreement.

9. Nothing in this Agreement shall preclude:

(a) the use by a contracting party of exchange controls or exchange restrictions in accordance with the Articles of Agreement of the International Monetary Fund or with that contracting party's special exchange agreement with the Contracting Parties, or

(b) the use by a contracting party of restrictions or controls on imports or exports, the sole effect of which, additional to the effects permitted under Article XI, XII, XIII and XIV, is to make effective such exchange controls or exchange restrictions.

Article XVI.—SUBSIDIES

Section A—Subsidies in General

1. If any contracting party grants or maintains any subsidy, including any form of income or price support, which operates directly or indirectly to increase exports of any product from, or to reduce imports of any product into, its territory, it shall notify the Contracting Parties in writing of the extent and nature of the subsidization, of the estimated effect of the subsidization on the quantity of the affected product or products imported into or exported from its territory and of the circumstances making the subsidization necessary. In any case in which it is determined that serious prejudice to the interests of any other contracting party is caused or threatened by any such subsidization, the contracting party granting the subsidy shall, upon request, discuss with the other contracting party or parties concerned, or with the Contracting Parties, the possibility of limiting the subsidization.

Section B—Additional Provisions on Export Subsidies

2. The contracting parties recognize that the granting by a contracting party of a subsidy on the export of any product may have harmful effects for other contracting parties, both importing and exporting, may cause undue disturbance to their normal commercial interests, and may hinder the achievement of the objectives of this Agreement.

3. Accordingly, contracting parties should seek to avoid the use of subsidies on the export of primary products. If, however, a contracting party grants directly or indirectly any form of subsidy which operates to increase the export of any primary product from its territory, such subsidy shall not be applied in a manner which results in that contracting party having more than an equitable share of world export trade in that product, account being taken of the shares of the contracting parties in such trade in the product during a previous representative period, and any special factors which may have affected or may be affecting such trade in the product.

4. Further, as from 1 January 1958 or the earliest practicable date thereafter, contracting parties shall cease to grant either directly or indirectly any form of subsidy on the export of any product other than a primary product which subsidy results in the sale of such product for export at a price lower than the comparable price charged for the like product to buyers in the domestic market. Until 31 December 1957 no contracting party shall extend the scope of any such subsidization beyond that existing on 1 January 1955 by the introduction of new, or the extension of existing, subsidies.

5. The Contracting Parties shall review the operation of the provisions of this Article from time to time with a view to examining its effectiveness, in the light of actual experience, in promoting the objectives of this Agreement and avoiding subsidization seriously prejudicial to the trade or interests of contracting parties.

Article XVII.—STATE TRADING ENTERPRISES

1. (a) Each contracting party undertakes that if it establishes or maintains a State enterprise, wherever located, or grants to any enterprise, formally or in effect, exclusive or special privileges, such enterprise shall, in its purchases or sales involving either imports or exports, act in a manner consistent with the general principles of non-discriminatory treatment prescribed in this Agreement for governmental measures affecting imports or exports by private traders.

(b) The provisions of sub-paragraph (a) of this paragraph shall be understood to require that such enterprises shall, having due regard to the other provisions of this Agreement, make any such purchases or sales solely in accordance with commercial considerations, including price, quality, availability, marketability, transportation and other conditions of purchase or sale, and shall afford the enterprises of the other contracting parties adequate opportunity, in accordance with customary business practice, to compete for participation in such purchases or sales.

(c) No contracting party shall prevent any enterprise (whether or not an enterprise described in sub-paragraph (a) of this paragraph) under its jurisdiction from acting in accordance with the principles of sub-paragraphs (a) and (b) of this paragraph.

2. The provisions of paragraph 1 of this Article shall not apply to imports of products for immediate or ultimate consumption in governmental use and not otherwise for re-sale or use in the production of goods for sale. With respect to such imports, each contracting party shall accord to the trade of the other contracting parties fair and equitable treatment.

3. The contracting parties recognize that enterprises of the kind described in paragraph 1(a) of this Article might be operated so as to create serious obstacles to trade; thus negotiations on a reciprocal and mutually advantageous basis designed to limit or reduce such obstacles are of importance to the expansion of international trade.

4. (a) Contracting parties shall notify the Contracting Parties of the products which are imported into or exported from their territories by enterprises of the kind described in paragraph 1(a) of this Article.

(b) A contracting party establishing, maintaining or authorizing an import monopoly of a product, which is not the subject of a concession under Article II, shall, on the request of another contracting party having a substantial trade in the product concerned, inform the Contracting Parties of the import markup on the product during a recent representative period, or, when it is not possible to do so, of the price charged on the resale of the product.

(c) The Contracting Parties may, at the request of a contracting party which has reason to believe that its interests under this Agreement are being adversely affected by the operations of an enterprise of the kind described in paragraph 1(a), request the contracting party establishing, maintaining or authorizing such enterprise to supply information about its operations related to the carrying out of the provisions of this Agreement.

(d) The provisions of this paragraph shall not require any contracting party to disclose confidential information which would impede law enforcement or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of particular enterprises.

Article XVIII.—GOVERNMENTAL ASSISTANCE TO ECONOMIC DEVELOPMENT

1. The contracting parties recognize that the attainment of the objectives of this Agreement will be facilitated by the progressive development of their economies, particularly of those contracting parties the economies of which can only support low standards of living and are in the early stages of development.

2. The contracting parties recognize further that it may be necessary for those contracting parties, in order to implement programmes and policies of economic development designed to raise the general standard of living of their people, to take protective or other measures affecting imports, and that such measures are justified in so far as

they facilitate the attainment of the objectives of this Agreement. They agree, therefore, that those contracting parties should enjoy additional facilities to enable them (a) to maintain sufficient flexibility in their tariff structure to be able to grant the tariff protection required for the establishment of a particular industry and (b) to apply quantitative restrictions for balance of payments purposes in a manner which takes full account of the continued high level of demand for imports likely to be generated by their programmes of economic development.

3. The contracting parties recognize finally that with those additional facilities which are provided for in Sections A and B of this Article, the provisions of this Agreement would normally be sufficient to enable contracting parties to meet the requirements of their economic development. They agree, however, that there may be circumstances where no measure consistent with those provisions is practicable to permit a contracting party in the process of economic development to grant the governmental assistance required to promote the establishment of particular industries with a view to raising the general standard of living of its people. Special procedures are laid down in Section C and D of this Article to deal with those cases.

4. (a) Consequently, a contracting party the economy of which can only support low standards of living and is in the early stages of development shall be free to deviate temporarily from the provisions of the other Articles of this Agreement, as provided in Sections A, B and C of this Article.

(b) A contracting party the economy of which is in the process of development but which does not come within the scope of sub-paragraph (a) above, may submit applications to the Contracting Parties under Section D of this Article.

5. The contracting parties recognize that the export earnings of contracting parties the economies of which are of the type described in paragraph 4 (a) and (b) above, and which depend on exports of a small number of primary commodities may be seriously reduced by a decline in the sale of such commodities. Accordingly, when the exports of primary commodities by such a contracting party are seriously affected by measures taken by another contracting party, it may have resort to the consultation provisions of Article XXII of this Agreement.

6. The Contracting Parties shall review annually all measures applied pursuant to the provisions of Sections C and D of this Article.

Section A

7. (a) If a contracting party coming within the scope of paragraph 4(a) of this Article considers it desirable, in order to promote the establishment of a particular industry with a view to raising the general standard of living of its people, to modify or withdraw a concession included in the appropriate Schedule annexed to this Agreement, it shall notify the Contracting Parties to this effect and enter into negotiations with any contracting party with which such concession was initially negotiated, and with any other contracting party determined by the Contracting Parties to have a substantial interest therein.

If agreement is reached between such contracting parties concerned, they shall be free to modify or withdraw concessions under the appropriate Schedules to this Agreement in order to give effect to such agreement, including any compensatory adjustments involved.

(b) If agreement is not reached within sixty days after the notification provided for in sub-paragraph (a) above, the contracting party which proposes to modify or withdraw the concession may refer the matter to the Contracting Parties, which shall promptly examine it. If they find that the contracting party which proposes to modify or withdraw the concession has made every effort to reach an agreement and that the compensatory adjustment offered by it is adequate, that contracting party shall be free to modify or withdraw the concession if at the same time, it gives effect to the compensatory adjustment. If the Contracting Parties do not find that the compensation offered by a contracting party proposing to modify or withdraw the concession is adequate, but find that it has made every reasonable effort to offer adequate compensation, that contracting party shall be free to proceed with such modification or withdrawal. If such action is taken, any other contracting party referred to in sub-paragraph (a) above shall be free to modify or withdraw substantially equivalent concessions initially negotiated with the contracting party which has taken the action.

Section B

8. The contracting parties recognize that contracting parties coming within the scope of paragraph 4(a) of this Article tend, when they are in rapid process of development, to experience balance of payments difficulties arising mainly from efforts to expand their internal markets as well as from the instability in their terms of trade.

9. In order to safeguard its external financial position and to ensure a level of reserves adequate for the implementation of its programme of economic development, a contracting party coming within the scope of paragraph 4(a) of this Article may, subject to the provisions of paragraphs 10 to 12, control the general level of its imports by restricting the quantity or value of merchandise permitted to be imported; *Provided* that the import restrictions instituted, maintained or intensified shall not exceed those necessary:

(a) to forestall the threat of, or to stop, a serious decline in its monetary reserves, or

(b) in the case of a contracting party with inadequate monetary reserves, to achieve a reasonable rate of increase in its reserves.

Due regard shall be paid in either case to any special factors which may be affecting the reserves of the contracting party or its need for reserves, including, where special external credits or other resources are available to it, the need to provide for the appropriate use of such credits or resources.

10. In applying these restrictions, the contracting party may determine their incidence on imports of different products or classes of products in such a way as to give priority to the importation of those products which are more essential in the light of its policy of economic

development; *Provided* that the restrictions are so applied as to avoid unnecessary damage to the commercial or economic interests of any other contracting party and not to prevent unreasonably the importation of any description of goods in minimum commercial quantities the exclusion of which would impair regular channels of trade; and *Provided* further that the restrictions are not so applied as to prevent the importation of commercial samples or to prevent compliance with patent, trademark, copyright or similar procedures.

11. In carrying out its domestic policies, the contracting party concerned shall pay due regard to the need for restoring equilibrium in its balance of payments on a sound and lasting basis and to the desirability of assuring an economic employment of productive resources. It shall progressively relax any restrictions applied under this Section as conditions improve, maintaining them only to the extent necessary under the terms of paragraph 9 of this Article and shall eliminate them when conditions no longer justify such maintenance; *Provided* that no contracting party shall be required to withdraw or modify restrictions on the ground that a change in its development policy would render unnecessary the restrictions on the ground that a change in its development policy would render unnecessary the restrictions which it is applying under this Section.

12. (a) Any contracting party applying new restrictions or raising the general level of its existing restrictions by a substantial intensification of the measures applied under this Section, shall immediately after instituting or intensifying such restrictions (or, in circumstances in which prior consultation is practicable, before doing so) consult with the Contracting Parties as to the nature of its balance of payments difficulties, alternative corrective measures which may be available, and the possible effect of the restrictions on the economies of other contracting parties.

(b) On a date to be determined by them, the Contracting Parties shall review all restrictions still applied under this Section on that date. Beginning two years after that date, contracting parties applying restrictions under this Section shall enter into consultations of the type provided for in sub-paragraph (a) above with the Contracting Parties at intervals of approximately, but not less than, two years according to a programme to be drawn up each year by the Contracting Parties; *Provided* that no consultation under this sub-paragraph shall take place within two years after the conclusion of a consultation of a general nature any other provision of this paragraph.

(c) (i) If, in the course of consultations with a contracting party under sub-paragraph (a) or (b) of this paragraph, the Contracting Parties find that the restrictions are not consistent with the provisions of this Section or with those of Article XIII (subject to the provisions of Article XIV), they shall indicate the nature of the inconsistency and may advise that the restrictions be suitably modified.

(ii) If, however, as a result of the consultations, the Contracting Parties determine that the restrictions are being applied in a manner involving an inconsistency of a serious nature with the provisions of this Section or with those of Article XIII (subject to the provisions of Article XIV) and that damage to the trade of any contracting party is caused or threatened thereby, they shall so inform the contracting party applying the restrictions and shall make appropriate recommendations for securing conformity with such provisions within a specified period. If such contracting party does not comply with these recommendations within the specified period, the Contracting Parties may release any contracting party the trade of which is adversely affected by the restrictions from such obligations under this Agreement towards the contracting party applying the restrictions as they determine to be appropriate in the circumstances.

(d) The Contracting Parties shall invite any contracting party which is applying restrictions under this Section to enter into consultations with them at the request of any contracting party which can establish a *prima facie* case that the restrictions are inconsistent with the provisions of this Section or with those of Article XIII (subject to the provisions of Article XIV) and that its trade is adversely affected thereby. However, no such invitation shall be issued unless the Contracting Parties have ascertained that direct discussions between the contracting parties concerned have not been successful. If, as a result of the consultations with the Contracting Parties no agreement is reached and they determine that the restrictions are being applied inconsistently with such provisions, and that damage to the trade of the contracting party initiating the procedure is caused or threatened thereby, they shall recommend the withdrawal or modification of the restrictions. If the restrictions are not withdrawn or modified within such time as the Contracting Parties may prescribe, they may release the contracting party initiating the procedure from such obligations under this Agreement towards the contracting party applying the restrictions as they determine to be appropriate in the circumstances.

(e) If a contracting party against which action has been taken in accordance with the last sentence of sub-paragraph (c) (ii) or (d) of this paragraph, finds that the release of obligations authorized by the Contracting Parties adversely affects the operation of its programme and policy of economic development, it shall be free, not later than sixty days after such action is taken, to give written notice to the Executive Secretary to the Contracting Parties of its intention to withdraw from this Agreement and such withdrawal shall take effect on the sixtieth day following the day on which the notice is received by him.

(f) In proceeding under this paragraph, the Contracting Parties shall have due regard to the factors referred to in paragraph 2 of this Article. Determinations under this paragraph shall be rendered expeditiously and, if possible, within sixty days of the initiation of the consultations.

Section C

13. If a contracting party coming within the scope of paragraph 4(a) of this Article finds that governmental assistance is required to promote the establishment of a particular industry with a view to raising the general standard of living of its people, but that no measure consistent with the other provisions of this Agreement is practicable to achieve that objective, it may have recourse to the provisions and procedures set out in this Section.

14. The contracting party concerned shall notify the Contracting Parties of the special difficulties which it meets in the achievement

of the objective outlined in paragraph 13 of this Article and shall indicate the specific measure affecting imports which it proposes to introduce in order to remedy these difficulties. It shall not introduce that measure before the expiration of the time-limit laid down in paragraph 15 or 17, as the case may be, or if the measure affects imports of a product which is the subject of a concession included in the appropriate Schedule annexed to this Agreement, unless it has secured the concurrence of the Contracting Parties in accordance with the provisions of paragraph 18; *Provided* that, if the industry receiving assistance has already started production, the contracting party may, after informing the Contracting Parties, take such measures as may be necessary to prevent, during that period, imports of the product or products concerned from increasing substantially above a normal level.

15. If, within thirty days of the notification of the measure, the Contracting Parties do not request the contracting party concerned to consult with them, that contracting party shall be free to deviate from the relevant provisions of the other Articles of this Agreement to the extent necessary to apply the proposed measure.

16. If it is requested by the Contracting Parties to do so, the contracting party concerned shall consult with them as to the purpose of the proposed measure, as to alternative measures which may be available under this Agreement, and as to the possible effect of the measure proposed on the commercial and economic interests of other contracting parties. If, as a result of such consultation, the Contracting Parties agree that there is no measure consistent with the other provisions of this Agreement which is practicable in order to achieve the objective outlined in paragraph 13 of this Article, and concur in the proposed measure, the contracting party concerned shall be released from its obligations under the relevant provisions of the other Articles of this Agreement to the extent necessary to apply that measure.

17. If, within ninety days after the date of the notification of the proposed measure under paragraph 14 of this Article, the Contracting Parties have not concurred in such measure, the contracting party concerned may introduce the measure proposed after informing the Contracting Parties.

18. If the proposed measure affects a product which is the subject of a concession included in the appropriate Schedule annexed to this Agreement, the contracting party concerned shall enter into consultations with any other contracting party with which the concession was initially negotiated, and with any other contracting party determined by the Contracting Parties to have a substantial interest therein. The Contracting Parties shall concur in the measure if they agree that there is no measure consistent with the other provisions of this Agreement which is practicable in order to achieve the objective set forth in paragraph 13 of this Article, and if they are satisfied:

(a) that agreement has been reached with such other contracting parties as a result of the consultations referred to above, or

(b) if no such agreement has been reached within sixty days after the notification provided for in paragraph 14 has been received by the Contracting Parties, that the contracting party having recourse to this Section has made all reasonable efforts to reach an agreement and that the interests of other contracting parties are adequately safeguarded.

The contracting party having recourse to this Section shall thereupon be released from its obligations under the relevant provisions of the other Articles of this Agreement to the extent necessary to permit it to apply the measure.

19. If a proposed measure of the type described in paragraph 13 of this Article concerns an industry the establishment of which has in the initial period been facilitated by incidental protection afforded by restrictions imposed by the contracting party concerned for balance of payments purposes under the relevant provisions of this Agreement that contracting party may resort to the provisions and procedures of this Section; *Provided* that it shall not apply the proposed measure without the concurrence of the Contracting Parties.

20. Nothing in the preceding paragraphs of this Section shall authorize any deviation from the provisions of Articles I, II and XIII of this Agreement. The provisos to paragraph 10 of this Article shall also be applicable to any restriction under this Section.

21. At any time while a measure is being applied under paragraph 17 of this Article any contracting party substantially affected by it may suspend the application to the trade of the contracting party having recourse to this Section of such substantially equivalent concessions or other obligations under this Agreement the suspension of which the Contracting Parties do not disapprove; *Provided* that sixty days' notice of such suspension is given to the Contracting Parties not later than six months after the measure has been introduced or changed substantially to the detriment of the contracting party affected. Any such contracting party shall afford adequate opportunity for consultation in accordance with the provisions of Article XXII of this Agreement.

SECTION D

22. A contracting party coming within the scope of subparagraph 4(b) of this Article desiring, in the interest of the development of its economy, to introduce a measure of the type described in paragraph 13 of this Article in respect to the establishment of a particular industry may apply to the Contracting Parties for approval of such measure. The Contracting Parties shall promptly consult with such contracting party and shall, in making their decision, be guided by the considerations set out in paragraph 16. If the Contracting Parties concur in the proposed measure the contracting party concerned shall be released from its obligations under the relevant provisions of the other Articles of this Agreement to the extent necessary to permit it to apply the measure. If the proposed measure affects a product which is the subject of a concession included in the appropriate Schedule annexed to this Agreement, the provisions of paragraph 18 shall apply.

23. Any measure applied under this Section shall comply with the provisions of paragraph 20 of this Article.

Article XIX.—EMERGENCY ACTION ON IMPORTS OF PARTICULAR PRODUCTS

1. (a) If, as a result of unforeseen developments and of the effect of the obligations incurred by a contacting party under this Agreement, including tariff concessions, any product is being imported into the territory of that contracting party in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers in that territory of like or directly competitive products, the contracting party shall be free, in respect of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend the obligation in whole or in part or to withdraw or modify the concession.

(b) If any product, which is the subject of a concession with respect to a preference, is being imported into the territory of a contracting party in the circumstances set forth in sub-paragraph (a) of this paragraph, so as to cause or threaten serious injury to domestic producers of like or directly competitive products in the territory of a contracting party which receives or received such preference, the importing contracting party shall be free, if that other contracting party so requests, to suspend the relevant obligation in whole or in part or to withdraw or modify the concession in respect of the product, to the extent and for such time as may be necessary to prevent or remedy such injury.

2. Before any contracting party shall take action pursuant to the provisions of paragraph 1 of this Article, it shall give notice in writing to the Contracting Parties as far in advance as may be practicable and shall afford the Contracting Parties and those contracting parties having a substantial interest as exporters of the product concerned an opportunity to consult with it in respect of the proposed action. When such notice is given in relation to a concession with respect to a preference, the notice shall name the contracting party which has requested the action. In critical circumstances, where delay would cause damage which it would be difficult to repair, action under paragraph 1 of this Article may be taken provisionally without prior consultation, on the condition that consultation shall be effected immediately after taking such action.

3. (a) If agreement among the interested contracting parties with respect to the action is not reached, the contracting party which proposes to take or continue the action shall, nevertheless, be free to do so, and if such action is taken or continued, the affected contracting parties shall then be free, not later than ninety days after such action is taken, to suspend, upon the expiration of thirty days from the day on which written notice of such suspension is received by the Contracting Parties, the application to the trade of the contracting party taking such action, or, in the case envisaged in paragraph 1 (b) of this Article, to the trade of the contracting party requesting such action, of such substantially equivalent concessions or other obligations under this Agreement the suspension of which the Contracting Parties do not disapprove.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, where action is taken under paragraph 2 of this Article without prior consultation and causes or threatens serious injury in the territory of a contracting party to the domestic producers of products affected by the action, that contracting party shall, where delay would cause damage difficult to repair, be free to suspend, upon the taking of the action and throughout the period of consultation, such concessions or other obligations as may be necessary to prevent or remedy the injury.

Article XX.—GENERAL EXCEPTIONS

Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade, nothing in this Agreement shall be construed to prevent the adoption or enforcement by any contracting party of measures:

(a) necessary to protect public morals;

(b) necessary to protect human, animal or plant life or health;

(c) relating to the importation or exportation of gold or silver;

(d) necessary to secure compliance with laws or regulations which are not inconsistent with the provisions of this Agreement, including those relating to customs enforcement, the enforcement of monopolies operated under paragraph 4 of Article II and Article XVII, the protection of patents, trade marks and copyrights, and the prevention of deceptive practices;

(e) relating to the products of prison labour;

(f) imposed for the protection of national treasures of artistic, histroic or archaeological value;

(g) relating to the conservation of exhaustible natural resources if such measures are made effective in conjunction with restrictions on domestic production or consumption;

(h) undertaken in pursuance of obligations under any intergovernmental commodity agreement which conforms to criteria submitted to the Contracting Parties and not disapproved by them or which is itself so submitted and not so disapproved;

(i) involving restrictions on exports of domestic materials necessary to assure essential quantities of such materials to a domestic processing industry during periods when the domestic price of such materials is held below the world price as part of a governmental stabilization plan; *Provided* that such restrictions shall not operate to increase the exports of or the protection afforded to such domestic industry, and shall not depart from the provisions of this Agreement relating to non-discrimination;

(j) essential to the acquisition or distribution of products in general or local short supply; *Provided* that any such measures shall be consistent with the principle that all contracting parties are entitled to an equitable share of the international supply of such products, and that any such measures, which are inconsistent with the other provisions of this Agreeemnt shall be discontinued as soon as the conditions giving rise to them have ceased to exist. The Contracting Parties shall review the need for this subparagraph not later than 30 June 1960.

Article XXI.—SECURITY EXCEPTIONS

Nothing in this Agreement shall be construed:

(a) to require any contracting party to furnish any information the disclosure of which it considers contrary to its essential security interests; or

(b) to prevent any contracting party from taking any action which it considers necessary for the protection of its essential security interests—

(i) relating to fissionable materials or the materials from which they are derived;

(ii) relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment;

(iii) taken in time of war or other emergency in international relations; or

(c) to prevent any contracting party from taking any action in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.

Article XXII.—CONSULTATION

1. Each contracting party shall accord sympathetic consideration to, and shall afford adequate opportunity for consultation regarding, such representations as may be made by another contracting party with respect to any matter affecting the operation of this Agreement.

2. The Contracting Parties may, at the request of a contracting party, consult with any contracting party or parties in respect of any matter for which it has not been possible to find a satisfactory solution through consultation under paragraph 1.

Article XXIII.—NULLIFICATION OR IMPAIRMENT

1. If any contracting party should consider that any benefit accruing to it directly or indirectly under this Agreement is being nullified or impaired or that the attainment of any objective of the Agreement is being impeded as the result of (a) the failure of another contracting party to carry out its obligations under this Agreement, or (b) the application by another contracting party of any measure, whether or not it conflicts with the provisions of this Agreement, or (c) the existence of any other situation, the contracting party may, with a view to the satisfactory adjustment of the matter, make written representations or proposals to the other contracting party or parties which it considers to be concerned. Any contracting party thus approached shall give sympathetic consideration to the representations or proposals made to it.

2. If no satisfactory adjustment is effected between the contracting parties concerned within a reasonable time, or if the difficulty is of the type described in paragraph 1(c) of this Article, the matter may be referred to the Contracting Parties. The Contracting Parties shall promptly investigate any matter so referred to them and shall make appropriate recommendations to the contracting parties which they

consider to be concerned, or give a ruling on the matter, as appropriate. The Contracting Parties may consult with contracting parties, with the Economic and Social Council of the United Nations and with any appropriate inter-governmental organization in cases where they consider such consultation necessary.

If the Contracting Parties consider that the circumstances are serious enough to justify such action, they may authorize a contracting party or parties to suspend the application to any other contracting party or parties of such concessions or other obligations under this Agreement as they determine to be appropriate in the circumstances. If the application to any contracting party of any concession or other obligation is in fact suspended, that contracting party shall then be free, not later than sixty days after such action is taken to give written notice to the Executive Secretary to the Contracting Parties of its intention to withdraw from this Agreement and such withdrawal shall take effect upon the sixtieth day following the day on which such notice is received by him.

Part III

Article XXIV.—TERRITORIAL APPLICATION—FRONTIER TRAFFIC—CUSTOMS UNIONS AND FREE-TRADE AREAS

1. The provisions of this Agreement shall apply to the metropolitan customs territories of the contracting parties and to any other customs territories in respect of which this Agreement has been accepted under Article XXVI or is being applied under Article XXXIII or pursuant to the Protocol of Provisional Application. Each such customs territory shall, exclusively for the purposes of the territorial application of this Agreement, be treated as though it were a contracting party; *Provided* that the provisions of this paragraph shall not be construed to create any rights or obligations as betwen two or more customs territories in respect of which this Agreement has been accepted under Article XXVI or being applied under Article XXXIII or pursuant to the Protocol of Provisional Application by a single contracting party.

2. For the purposes of this Agreement a customs territory shall be understood to mean any territory with respect to which separate tariffs or other regulations of commerce are maintained for a substantial part of the trade of such territory with other territories.

3.The provisions of this Agreement shall not be construed to prevent:

(a) advantages accorded by any contracting party to adjacent countries in order to facilitate frontier traffic;

(b) advantages accorded to the trade with the Free Territory of Trieste by countries contiguous to that territory, provided that such advantages are not in conflict with the Treaties of Peace arising out of the Second World War.

4. The contracting parties recognize the desirability of increasing freedom of trade by the development, through voluntary agreements, of closer integration between the economies of the countries parties to such agreements. They also recognize that the purpose of a customs union or of a free-trade area should be to facilitate trade between the constituent territories and not to raise barriers to the trade of other contracting parties with such territories.

5. Accordingly, the provisions of this Agreement shall not prevent, as between the territories of contracting parties, the formation of a customs union or of a free-trade area or the adoption of an interim agreement necessary for the information of a customs union or of a free-trade area; *Provided* that:

(a) with respect to a customs union, or an interim agreement leading to the formation of a customs union, the duties and other regulations of commerce imposed at the institution of any such union or interim agreement in respect of trade with contracting parties not parties to such union or agreement shall not on the whole be higher or more restrictive than the general incidence of the duties and regulations of commerce applicable in the constituent territories prior to the formation of such union or the adoption of such interim agreement, as the case may be;

(b) with respect to a free-trade area, or an interim agreement leading to the formation of a free-trade area, the duties and other regulations of commerce maintained in each of the constituent territories and applicable at the formation of such free-trade area or the adoption of such interim agreement to the trade of contracting parties not included in such area or not parties to such agreement shall not be higher or more restrictive than the corresponding duties and other regulations of commerce existing in the same constituent territories prior to the formation of the free-trade area, or interim agreement, as the case may be; and

(c) any interim agreement referred to in sub-paragraphs (a) and (b) shall include a plan and schedule for the formation of such a customs union or of such a free-trade area within a reasonable length of time.

6. If, in fulfilling the requirements of sub-paragraph 5(a), a contracting party proposes to increase any rate of duty inconsistently with the provisions of Article II, the procedure set forth in Article XXVIII shall apply. In providing for compensatory adjustment, due account shall be taken of the compensation already afforded by the reductions brought about in the corresponding duty of the other constituents of the union.

7. (a) Any contracting party deciding to enter into a customs union or free-trade area, or an interim agreement leading to the formation of such a union or area, shall promptly notify the Contracting Parties and shall make available to them such information regarding the proposed union or area as will enable them to make such reports and recommendations to contracting parties as they may deem appropriate.

(b) If, after having studied the plan and schedule included in an interim agreement referred to in paragraph 5 in consultation with the parties to that agreement and taking due account of the information made available in accordance with the provisions of sub-paragraph (a), the Contracting Parties find that such agreement is not likely to result in the formation of a customs union or of a free-trade area within the period contemplated by the parties to the agreement or that such period is not a reasonable one, the Contracting Parties shall make recommendations to the parties to the agreement. The parties shall not maintain or put into force, as the case may be, such agreement if they are not prepared to modify it in accordance with these recommendations.

(c) Any substantial change in the plan or schedule referred to in paragraph 5(c) shall be communicated to the Contracting Parties, which may request the contracting parties concerned to consult with them if the change seems likely to jeopardize or delay unduly the formation of the customs union or of the free-trade area.

8. For the purposes of this Agreement:

(a) A customs union shall be understood to mean the substitution of a single customs territory for two or more customs territories, so that—

(i) duties and other restrictive regulations of commerce (except, where necessary, those permitted under Articles XI, XII, XIII, XIV, XV and XX) are eliminated with respect to substantially all the trade between the constituent territories of the union or at least with respect to substantially all the trade in products originating in such territories, and,

(ii) subject to the provisions of paragraph 9, substantially the same duties and other regulations of commerce are applied by each of the members of the union to the trade of territories not included in the union;

(b) A free-trade area shall be understood to mean a group of two or more customs territories in which the duties and other restrictive regulations of commerce (except, where necessary, those permitted under Articles XI, XII, XIII, XIV, XV and XX) are eliminated on substantially all the trade between the constituent territories in products originating in such territories.

9. The preferences referred to in paragraph 2 of Article I shall not be affected by the formation of a customs union or of a free-trade area but may be eliminated or adjusted by means of negotiations with contracting parties affected. This procedure of negotiations with affected contracting parties shall, in particular, apply to the elimination of preferences required to conform with the provisions of paragraph 8 (a)(i) and paragraph 8(b).

10. The Contracting Parties may by a two-thirds majority approve proposals which do not fully comply with the requirements of paragraphs 5 to 9 inclusive, provided that such proposals lead to the formation of a customs union or a free-trade area in the sense of this Article.

11. Taking into account the exceptional circumstances arising out of the establishment of India and Pakistan as independent States and recognizing the fact that they have long constituted an economic unit, the contracting parties agree that the provisions of this Agreement shall not prevent the two countries from entering into special arrangements with respect to the trade between them, pending the establishment of their mutual trade relations on a definitive basis.

12. Each contracting party shall take such reasonable measures as may be available to it to ensure observance of the provisions of this Agreement by the regional and local governments and authorities within its territory.

Article XXV.—JOINT ACTION BY THE CONTRACTING PARTIES

1. Representatives of the contracting parties shall meet from time to time for the purpose of giving effect to those provisions of this Agreement which involve joint action and, generally, with a view to facilitating the operation and furthering the objectives of this Agreement. Wherever reference is made in this Agreement to the contracting parties acting jointly they are designated as the Contracting Parties.

2. The Secretary-General of the United Nations is requested to convene the first meeting of the Contracting Parties, which shall take place not later than March 1, 1948.

3. Each contracting party shall be entitled to have one vote at all meetings of the Contracting Parties.

4. Except as otherwise provided for in this Agreement, decisions of the Contracting Parties shall be taken by a majority of the votes cast.

5. In exceptional circumstances not elsewhere provided for in this Agreement, the Contracting Parties may waive an obligation imposed upon a contracting party by this Agreement; *Provided* that any such decision shall be approved by a two-thirds majority of the votes cast and that such majority shall comprise more than half of the contracting parties. The Contracting Parties may also by such a vote—

(i) define certain categories of exceptional circumstances to which other voting requirements shall apply for the waiver of obligations, and

(ii) prescribe such criteria as may be necessary for the application of this paragraph.[1]

Article XXVI.—ACCEPTANCE, ENTRY INTO FORCE AND REGISTRATION

1. The date of this Agreement shall be 30 October 1947.

2. This Agreement shall be open for acceptance by any contracting party which, on 1 March 1955, was a contracting party or was negotiating with a view to accession to this Agreement.

3. This Agreement, done in a single English original and in a single French original, both texts authentic, shall be deposited with the Secretary-General of the United Nations, who shall furnish certified copies thereof to all interested governments.

4. Each government accepting this Agreement shall deposit an instrument of acceptance with the Executive Secretary to the Contracting Parties, who will inform all interested governments of the date of deposit of each instrument of acceptance and of the day on which this Agreement enters into force under paragraph 6 of this Article.

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[1] The word "paragraph" has been substituted for the word "sub-paragraph," since paragraph 5 is no longer divided into sub-paragraphs (a), (b), etc., as was formerly the case. The text of the present paragraph 5 was formerly sub-paragraph 5(a).

5. (a) Each government accepting this Agreement does so in respect of its metropolitan territory and of the other territories for which it has international responsibility, except such separate customs territories as it shall notify to the Executive Secretary to the Contracting Parties at the time of its own acceptance.

(b) Any government, which has so notified the Executive Secretary under the exceptions in sub-paragraph (a) of this paragraph, may at any time give notice to the Executive Secretary that its acceptance shall be effective in respect of any separate customs territory or territories so excepted and such notice shall take effect on the thirtieth day following the day on which it is received by the Executive Secretary.

(c) If any of the customs territories, in respect of which a contracting party has accepted this Agreement, possesses or acquires full autonomy in the conduct of its external commercial relations and of the other matters provided for in this Agreement, such territory shall, upon sponsorship through a declaration by the responsible contracting party establishing the above-mentioned fact, be deemed to be a contracting party.

6. This Agreement shall enter into force, as among the governments which have accepted it, on the thirtieth day following the day on which instruments of acceptance have been deposited with the Executive Secretary to the Contracting Parties on behalf of governments named in Annex H, the territories of which account for 85 per centum of the total external trade of the territories of such governments, computed in accordance with the applicable column of percentages set forth therein. The instrument of acceptance of each other government shall take effect on the thirtieth day following the day on which such instrument has been deposited.

7. The United Nations is authorized to effect registration of this Agreement as soon as it enters into force.

Article XXVII.—WITHHOLDING OR WITHDRAWAL OF CONCESSIONS

Any contracting party shall at any time be free to withhold or to withdraw in whole or in part any concession, provided for in the appropriate Schedule annexed to this Agreement, in respect of which such contracting party determines that it was initially negotiated with a government which has not become, or has ceased to be, a contracting party. A contracting party taking such action shall notify the Contracting Parties and, upon request, consult with contracting parties which have a substantial interest in the product concerned.

Article XXVIII.—MODIFICATION OF SCHEDULES

1. On the first day of each three-year period, the first period beginning on 1 January 1958 (or on the first day of any other period that may be specified by the Contracting Parties by two-thirds of the votes cast) a contracting party (hereafter in this Article referred to as the "applicant contracting party") may, by negotiation and agreement with any contracting party with which such concession was initially

negotiated and with any other contracting party determined by the Contracting Parties to have a principal supplying interest (which two preceding categories of contracting parties, together with the applicant contracting party, are in this Article hereinafter referred to as the "contracting parties primarily concerned"), and subject to consultation with any other contracting party determined by the Contracting Parties to have a substantial interest in such concession, modify or withdraw a concession included in the appropriate Schedule annexed to this Agreement.

2. In such negotiations and agreement, which may include provision for compensatory adjustment with respect to other products, the contracting parties concerned shall endeavour to maintain a general level of reciprocal and mutually advantageous concessions not less favourable to trade than that provided for in this Agreement prior to such negotiations.

3. (a) If agreement between the contracting parties primarily concerned cannot be reached before 1 January 1958 or before the expiration of a period envisaged in paragraph 1 of this Article, the contracting party which proposes to modify or withdraw the concession shall, nevertheless, be free to do so and if such action is taken any contracting party with which such concession was initially negotiated, any contracting party determined under paragraph 1 to have a principal supplying interest and any contracting party determined under paragraph 1 to have a substantial interest shall then be free not later than six months after such action is taken, to withdraw, upon the expiration of thirty days from the day on which written notice of such withdrawal is received by the Contracting Parties, substantially equivalent concessions initially negotiated with the applicant contracting party.

(b) If agreement between the contracting parties primarily concerned is reached but any other contracting party determined under paragraph 1 of this Article to have a substantial interest is not satisfied, such other contracting party shall be free, not later than six months after action under such agreement is taken, to withdraw, upon the expiration of thirty days from the day on which written notice of such withdrawal is received by the Contracting Parties, substantially equivalent concessions initially negotiated with the applicant contracting party.

4. The Contracting Parties may, at any time, in special circumstances, authorize a contracting party to enter into negotiations for modification or withdrawal of a concession included in the appropriate Schedule annexed to this Agreement subject to the following procedures and conditions:

(a) Such negotiations and any related consultations shall be conducted in accordance with the provisions of paragraphs 1 and 2 of this Article.

(b) If agreement between the contracting parties primarily concerned is reached in the negotiations, the provisions of paragraph 3(b) of this Article shall apply.

(c) If agreement between the contracting parties primarily concerned is not reached within a period of sixty days after negotiations have been authorized, or within such longer period as the Contracting

Parties may have prescribed, the applicant contracting party may refer the matter to the Contracting Parties.

(d) Upon such reference, the Contracting Parties shall promptly examine the matter and submit their views to the contracting parties primarily concerned with the aim of achieving a settlement. If a settlement is reached, the provisions of paragraph 3(b) shall apply as if agreement between the contracting parties primarily concerned had been reached. If no settlement is reached between the contracting parties primarily concerned, the applicant contracting party shall be free to modify or withdraw the concession, unless the Contracting Parties determine that the applicant contracting party has unreasonably failed to offer adequate compensation. If such action is taken, any contracting party with which the concession was initially negotiated, any contracting party determined under paragraph 4(a) to have a principal supplying interest and any contracting party determined under paragraph 4(a) to have a substantial interest, shall be free, not later than six months after such action is taken, to modify or withdraw, upon the expiration of thirty days from the day on which written notice of such withdrawal is received by the Contracting Parties, substantially equivalent concessions initially negotiated with the applicant contracting party.

5. Before January 1958 and before the end of any period envisaged in paragraph 1 a contracting party may elect by notifying the Contracting Parties to reserve the right, for the duration of the next period, to modify the appropriate Schedule in accordance with the procedures of paragraphs 1 to 3. If a contracting party so elects, other contracting parties shall have the right, during the same period, to modify or withdraw in accordance with the same procedures, concessions initially negotiated with that contracting party.

Article XXVIII bis.—TARIFF NEGOTIATIONS

1. The contracting parties recognize that customs duties often constitute serious obstacles to trade; thus negotiations on a reciprocal and mutually advantageous basis, directed to the substantial reduction of the general level of tariffs and other charges on imports and exports and in particular to the reduction of such high tariffs as discourage the importation even of minimum quantities, and conducted with due regard to the objectives of this Agreement and the varying needs of individual contracting parties, are of great importance to the expansion of international trade. The Contracting Parties may therefore sponsor such negotiations from time to time.

2. (a) Negotiations under this Article may be carried out on a selective product-by-product basis or by the application of such multilateral procedures as may be accepted by the contracting parties concerned. Such negotiations may be directed towards the reduction of duties, the binding of duties at then existing levels or undertakings that individual duties or the average duties on specified categories of products shall not exceed specified levels. The binding against increase of low duties or of duty-free treatment shall, in principle, be recognized as a concession equivalent in value to the reduction of high duties.

(b) The contracting parties recognize that in general the success of multilateral negotiations would depend on the participation of all contracting parties which conduct a substantial proportion of their external trade with one another.

3. Negotiations shall be conducted on a basis which affords adequate opportunity to take into account:

(a) the needs of individual contracting parties and individual industries;

(b) the needs of less-developed countries for a more flexible use of tariff protection to assist their economic development and the special needs of these countries to maintain tariffs for revenue purposes; and

(c) all other relevant circumstances, including the fiscal, developmental, strategic and other needs of the contracting parties concerned.

Article XXIX.—THE RELATION OF THIS AGREEMENT TO THE HAVANA CHARTER

1. The contracting parties undertake to observe to the fullest extent of their executive authority the general principles of Chapters I to VI inclusive and of Chapter IX of the Havana Charter pending their acceptance of it in accordance with their constitutional procedures.

2. Part II of this Agreement shall be suspended on the day on which the Havana Charter enters into force.

3. If by September 30, 1949, the Havana Charter has not entered into force, the contracting parties shall meet before December 31, 1949, to agree whether this Agreement shall be amended, supplemented or maintained.

4. If at any time the Havana Charter should cease to be in force, the Contracting Parties shall meet as soon as practicable thereafter to agree whether this Agreement shall be supplemented, amended or maintained. Pending such agreement, Part II of this Agreement shall again enter into force; *Provided* that the provisions of Part II other than Article XXIII shall be replaced, *mutatis mutandis*, in the form in which they then appeared in the Havana Charter; and *Provided* further that no contracting party shall be bound by any provisions which did not bind it at the time when the Havana Charter ceased to be in force.

5. If any contracting party has not accepted the Havana Charter by the date upon which it enters into force, the Contracting Parties shall confer to agree whether, and if so in what way, this Agreement in so far as it affects relations between such contracting party and other contracting parties, shall be supplemented or amended. Pending such agreement the provisions of Part II of this Agreement shall, notwithstanding the provisions of paragraph 2 of this Article, continue to apply as between such contracting party and other contracting parties.

6. Contracting parties which are Members of the International Trade Organization shall not invoke the provisions of this Agreement so as to prevent the operation of any provision of the Havana Charter. The application of the principle underlying this paragraph to any contracting party which is not a Member of the International Trade Organization shall be the subject of an agreement pursuant to paragraph 5 of this Article.

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Article XXX.—AMENDMENTS

1. Except where provision for modification is made elsewhere in this Agreement, amendments to the provisions of Part I of this Agreement or to the provisions of Article XXIX or of this Article shall become effective upon acceptance by all the contracting parties, and other amendments to this Agreement shall become effective, in respect of those contracting parties which accept them, upon acceptance by two-thirds of the contracting parties and thereafter for each other contracting party upon acceptance by it.

2. Any contracting party accepting an amendment to this Agreement shall deposit an instrument of acceptance with the Secretary-General of the United Nations within such period as the Contracting Parties may specify. The Contracting Parties may decide that any amendment made effective under this Article is of such a nature that any contracting party which has not accepted it within a period specified by the Contracting Parties shall be free to withdraw from this Agreement, or to remain a contracting party with the consent of the Contracting Parties.

Article XXXI.—WITHDRAWAL

Without prejudice to the provisions of paragraph 12 of Article XVIII or of Article XXIII or of paragraph 2 of Article XXX, any contracting party may withdraw from this Agreement, or may separately withdraw on behalf of any of the separate customs territories for which it has international responsibility and which at the time possesses full autonomy in the conduct of its external commercial relations and of the other matters provided for in this Agreement. The withdrawal shall take effect upon the expiration of six months from the day on which written notice of withdrawal is received by the Secretary-General of the United Nations.

Article XXXII.—CONTRACTING PARTIES

1. The contracting parties to this Agreement shall be understood to mean those governments which are applying the provisions of this Agreement under Articles XXVI or XXXIII or pursuant to the Protocol of Provisional Application.

2. At any time after the entry into force of this Agreement pursuant to paragraph 6 of Article XXVI, those contracting parties which have accepted this Agreement pursuant to paragraph 4 of Article XXVI may decide that any contracting party which has not so accepted it shall cease to be a contracting party.

Article XXXIII.—ACCESSION

A government not party to this Agreement, or a government acting on behalf of a separate customs territory possessing full autonomy in the conduct of its external commercial relations and of the other matters provided for in this Agreement, may accede to this Agreement, on its own behalf or on behalf of that territory, on terms to be agreed between such government and the Contracting Parties. Decisions of the Contracting Parties under this paragraph shall be taken by a two-thirds majority.

Article XXXIV.—ANNEXES

The annexes to this Agreement are herby made an integral part of this Agreement.

Article XXXV.—NON-APPLICATION OF THE AGREEMENT BETWEEN PARTICULAR CONTRACTING PARTIES

1. This Agreement, or alternatively Article II of this Agreement shall not apply as between any contracting party and any other contracting party if:

(a) the two contracting parties have not entered into tariff negotiations with each other, and

(b) either of the contracting parties, at the time either becomes a contracting party, does not consent to such application.

2. The Contracting Parties may review the operation of this Article in particular cases at the request of any contracting party and make appropriate recommendations.

MULTILATERAL—GENERAL AGREEMENT ON TARIFFS AND TRADE

Protocol Amending the General Agreement on Tariffs and Trade To Introduce a Part IV on Trade and Development

(Done at Geneva February 8, 1965; Signed on Behalf of the United States of America February 8, 1965; Entered Into Force June 27, 1966)

The Contracting Parties to the General Agreement on Tariffs and Trade

"Part IV—"Trade and Development

"Article XXXVI.—PRINCIPLES AND OBJECTIVES

"1. The contracting parties,

(a) recalling that the basic objectives of this Agreement include the raising of standards of living and the progressive development of the economies of all contracting parties, and considering that the attainment of these objectives is particularly urgent for less-developed contracting parties;

(b) considering that export earnings of the less-developed contracting parties can play a vital part in their economic development and that the extent of this contribution depends on the prices paid by the less-developed contracting parties for essential imports, the volume of their exports, and the prices received for these exports;

(c) noting, that there is a wide gap between standards of living in less-developed countries and in other countries;

(d) recognizing that individual and joint action is essential to further the development of the economies of less-developed contracting parties and to bring about a rapid advance in the standards of living in these countries;

(e) recognizing that international trade as a means of achieving economic and social advancement should be governed by such rules and procedures—and measures in conformity with such rules and procedures—as are consistent with the objectives set forth in this Article;

(f) noting that the Contracting Parties may enable less-developed contracting parties to use special measures to promote their trade and development;

agree as follows.

"2. There is need for a rapid and sustained expansion of the export earnings of the less-developed contracting parties.

"3. There is need for positive efforts designed to ensure that less-developed contracting parties secure a share in the growth in international trade commensurate with the needs of their economic development.

"4. Given the continued dependence of many less-developed contracting parties on the exportation of a limited range of primary products, there is need to provide in the largest possible measure more favourable and acceptable conditions of access to world markets for these products, and wherever appropriate to devise measures designed to stabilize and improve conditions of world markets in these products, including in particular measures designed to attain stable, equitable and remunerative prices, thus permitting an expansion of world trade and demand and a dynamic and steady growth of the real export earnings of these countries so as to provide them with expanding resources for their economic development.

"5 The rapid expansion of the economies of the less-developed contracting parties will be facilitated by a diversification of the structure of their economices and the avoidance of an excessive dependence on the export of primary products. There is, therefore, need for increased access in the largest possible measure to markets under favourable conditions for processed and manufactured products currently or potentially of particular export interest to less-developed contracting parties.

"6. Because of the chronic deficiency in the export proceeds and other foreign exchange earnings of less-developed contracting parties, there are important inter-relationships between trade and financial assistance to development. There is, therefore, need for close and continuing collaboration between the Contracting Parties and the international lending agencies so that they can contribute most effectively to alleviating the burdens these less-developed contracting parties assume in the interest of their economic development.

"7. There is need for appropriate collaboration between the Contract Parties, other intergovernmental bodies and the organs and agencies of the United Nations system, whose activities relate to the trade and economic development of less-developed countries.

"8. The developed contracting parties do not expect reciprocity for commitments made by them in trade negotiations to reduce or remove tariffs and other barriers to the trade of less-developed contracting parties.

"9. The adoption of measures to give effect to these principles and objectives shall be a matter of conscious and purposeful effort on the part of the contracting parties both individually and jointly.

"Article XXXVII.—COMMITMENTS

"1. The developed contracting parties shall to the fullest extent possible—that is, except when compelling reasons, which may include legal reasons, make it impossible—give effect to the following provisions:

(a) accord high priority to the reduction and elimination of barriers to products currently or potentially of particular export interest to less-developed contracting parties, including customs duties and other restrictions which differentiate unreasonably between such products in their primary and in their processed forms;

(b) refrain from introducing, or increasing the incidence of, customs duties or non-tariff import barriers on products currently or potentially of particular export interest to less-developed contracting parties; and

(c) (i) refrain from imposing new fiscal measures, and (ii) in and adjustments of fiscal policy accord high priority to the reduction and elimination of fiscal measures,

which would hamper, or which hamper, significantly the growth of consumption of primary products, in raw or processed form, wholly or mainly produced in the territories of less-developed contracting parties, and which are applied specifically to those products.

"2. (a) Whenever it is considered that effect is not being given to any of the provisions of sub-paragraph (a), (b) or (c) of paragraph 1, the matter shall be reported to the Contracting Parties either by the contracting party not so giving effect to the relevant provisions or by any other interested contracting party.

"(b) (i) The Contracting Parties shall, if requested so to do by any interested contracting party, and without prejudice to any bilateral consultations that may be undertaken, consult with the contracting party concerned and all interested contracting parties with respect to the matter with a view to reaching solutions satisfactory to all contracting parties concerned in order to further the objectives set forth in Article XXXVI. In the course of these consultations, the reasons given in cases where effect was not being given to the provisions of sub-paragraph (a), (b) or (c) of paragraph 1 shall be examined.

"(ii) As the implementation of the provisions of sub-paragraph (a), (b) or (c) of paragraph 1 by individual contracting parties may in some cases be more readily achieved where action is taken jointly with other developed contracting parties, such consultation might, where appropriate, be directed towards this end.

"(iii) The consultations by the Contracting Parties might also, in appropriate cases, be directed towards agreement on joint action designed to further the objectives of this Agreement as envisaged in paragraph 1 of Article XXV.

"3. The developed contracting parties shall:

(a) make every effort, in cases where a government directly or indirectly determines the resale price of products wholly or mainly produced in the territories of less-developed contracting parties, to maintain trade margins at equitable levels;

(b) give active consideration to the adoption of other measures designed to provide greater scope for the development of imports from less-developed contracting parties and collaborate in appropriate international action to this end;

(c) have special regard to the trade interests of less-developed contracting parties when considering the application of other measures permitted under this Agreement to meet particular problems and explore all possibilities of constructive remedies before applying such measures where they would affect essential interests of those contracting parties.

"4. Less-developed contracting parties agree to take appropriate action in implementation of the provisions of Part IV for the benefit of the trade of other less-developed contracting parties, in so far as such action is consistent with their individual present and future development, financial and trade needs taking into account past trade developments as well as the trade interests of less-developed contracting parties as a whole.

"5. In the implementation of the commitments set forth in paragraphs 1 to 4 each contracting party shall afford to any other interested contracting party or contracting parties full and prompt opportunity for consultations under the normal procedures of this Agreement with respect to any matter or difficulty which may arise.

"Article XXXVIII.—JOINT ACTION

"1. The contracting parties shall collaborate jointly, within the framework of this Agreement and elsewhere, as appropriate, to further the objectives set forth in Article XXXVI.

"2. In particular, the Contracting Parties shall:

(a) where appropriate, take action, including action through international arrangements, to provide improved and acceptable conditions of access to world markets for primary products of particular interest to less-developed contracting parties and to devise measures designed to stabilize and improve conditions of world markets in these products including measures designed to attain stable, equitable and remunerative prices for exports of such products;

(b) seek appropriate collaboration in matters of trade and development policy with the United Nations and its organs and agencies, including any institutions that may be created on the basis of recommendations by the United Nations Conference on Trade and Development;

(c) collaborate in analyzing the development plans and policies of individual less-developed contracting parties and in examining trade and aid relationships with a view to devising concrete measures to promote the development of export potential and to facilitate access to export markets for the products of the industries thus developed and, in this connexion seek appropriate collaboration with governments and international organizations, and in particular with organizations having competence in relation to financial assistance for economic development, in systematic studies of trade and aid relationships in individual less-developed contracting parties aimed at obtaining a clear analysis of export potential, market prospects and any further action that may be required;

(d) keep under continuous review the development of world trade with special reference to the rate of growth of the trade of less-developed contracting parties and make such recommendations to contracting parties as may, in the circumstances, be deemed appropriate;

(e) collaborate in seeking feasible methods to expand trade for the purpose of economic development, through international harmonization and adjustment of national policies and regulations, through technical and commercial standards affecting production, transportation and marketing, and through export promotion by the establishment of facilities for the increased flow of trade information and the development of market research; and

(f) establish such institutional arrangements as may be necessary to further the objectives set forth in Article XXXVI and to give effect to the provisions of this Part."

ANNEXES

ANNEX A

List of Territories Referred to in Paragraph 2(a) of Article I

United Kingdom of Great Britain and Northern Ireland.
Dependent territories of the United Kingdom of Great Britain and Northern Ireland.
Canada.
Commonwealth of Australia.
Dependent territories of the Commonwealth of Australia.
New Zealand.
Dependent territories of New Zealand.
Union of South Africa including South West Africa.
Ireland.
India (as on April 10, 1947).
Newfoundland.
Southern Rhodesia.
Burma.
Ceylon.

Certain of the territories listed above have two or more preferential rates in force for certain products. Any such territory may, by agreement with the other contracting parties which are principal suppliers of such products at the most-favoured-nation rate, substitute for such preferential rates a single preferential rate which shall not on the whole be less favourable to suppliers at the most-favored-nation rate than the preferences in force prior to such substitution.

The imposition of an equivalent margin of tariff preference to replace a margin of preference in an internal tax existing on April 10, 1947, exclusively between two or more of the territories listed in this Annex or to replace the preferential quantitative arrangements described in the following paragraph, shall not be deemed to constitute an increase in a margin of tariff preference.

The preferential arrangements referred to in paragraph 5(b) of Article XIV are those existing in the United Kingdom on April 10, 1947, under contractual agreements with the Governments of Canada, Australia and New Zealand, in respect of chilled and frozen beef and veal, frozen mutton and lamb, chilled and frozen pork, and bacon. It is the intention, without prejudice to any action taken under part I(h) of Article XX, that these arrangements shall be eliminated or replaced by tariff preferences, and that negotiations to this end shall take place as soon as practicable among the countries substantially concerned or involved.

The film hire tax in force in New Zealand or April 10, 1947, shall, for the purposes of this Agreement, be treated as a customs duty under Article I. The renters' film quota in force in New Zealand on April 10, 1947, shall, for the purposes of this Agreement, be treated as a screen quota under Article IV.

The Dominions of India and Pakistan have not been mentioned separately in the above list since they had not come into existence as such on the base date of April 10, 1947.

ANNEX B

List of Territories of the French Union Referred to in Paragraph 2(b) of Article I

France.
French Equatorial Africa (Treaty Basin of the Congo [1] and other territories).
French West Africa.
Cameroons under French Mandate.[1]
French Somali Coast and Dependencies.
French Establishments in India.[1]
French Establishments in Oceania.
French Establishments in the Condominim of the New Hebrides.[1]
Guadeloupe and Dependencies.
French Guiana.
Indo-China.
Madagascar and Dependencies.
Morocco (French zone).[1]
Martinique.
New Caledonia and Dependencies.
Réunion.
Saint-Pierre and Miquelon.
Togo under French Mandate.[1]
Tunisia.

[1] For imports into Metropolitan France and Territories of the French Union.

ANNEX C

LIST OF TERRITORIES OF THE CUSTOMS UNION OF BELGIUM, LUXEMBOURG AND THE NETHERLANDS REFERRED TO IN PARAGRAPH 2(b) OF ARTICLE I

The Economic Union of Belgium and Luxembourg.
Belgian Congo.
Ruanda Urundi.
Netherlands.
New Guinea.
Surinam.
Netherlands Antilles.
Republic of Indonesia.

For imports into the metropolitan territories constituting the Customs Union.

ANNEX D

LIST OF TERRITORIES REFERRED TO IN PARAGRAPH 2(b) OF ARTICLE I AS RESPECTS THE UNITED STATES OF AMERICA

United States of America (customs territory).
Dependent territories of the United States of America.
Republic of the Philippines.

The imposition of an equivalent margin of tariff preference to replace a margin of preference in an internal tax existing on April 10, 1947, exclusively between two or more of the territories listed in this Annex shall not be deemed to constitute an increase in a margin of tariff preference.

ANNEX E

LIST OF TERRITORIES COVERED BY PREFERENTIAL ARRANGEMENTS BETWEEN CHILE AND NEIGHBOURING COUNTRIES REFERRED TO IN PARAGRAPH 2(d) OF ARTICLE I

Preferences in force exclusively between Chile on the one hand, and (1) Argentina, (2) Bolivia, and (3) Peru on the other hand.

ANNEX F

LIST OF TERRITORIES COVERED BY PREFERENTIAL ARRANGEMENTS BETWEEN LEBANON AND SYRIA AND NEIGHBOURING COUNTRIES REFERRED TO IN PARAGRAPH 2(d) OF ARTICLE I

Preferences in force exclusively between the Lebano-Syrian Customs Union, on the one hand, and (1) Palestine, (2) Transjordan on the other hand.

ANNEX G

Dates Establishing Maximum Margins of Preference Referred to in Paragraph 4[1] of Article I

Australia: October 15, 1946.
Canada: July 1, 1939.
France: January 1, 1939.
Lebano-Syrian Customs Union: November 30, 1938.
Union of South Africa: July 1, 1938.
Southern Rhodesia: May 1, 1941.

ANNEX H

Percentage Shares of Total External Trade To Be Used for the Purpose of Making the Determination Referred to in Article XXVI

(Based on the average of 1949–1953)

If, prior to the accession of the Government of Japan to the General Agreement, the present Agreement has been accepted by contracting parties the external trade of which under column I accounts for the percentage of such trade specified in paragraph 6 of Article XXVI, column I shall be applicable for the purposes of that paragraph. If the present Agreement has not been so accepted prior to the accession of the Government of Japan, column II shall be applicable for the purposes of that paragraph.

[1] The number "4" has been substituted for the number "3" in the heading of Annex G. The reference to Article I was intended to be a reference to the last paragraph of Article I, which originally consisted of only three numbered paragraphs.

	Col. I (contracting parties on Mar. 1, 1955)	Col. II (contracting parties on Mar. 1, 1955, and Japan)
Australia	3.1	3.0
Austria	.9	.8
Belgium-Luxembourg	4.3	4.2
Brazil	2.5	2.4
Burma	.3	.3
Canada	6.7	6.5
Ceylon	.5	.5
Chile	.6	.6
Cuba	1.1	1.1
Czechoslovakia	1.4	1.4
Denmark	1.4	1.4
Dominican Republic	.1	.1
Finland	1.0	1.0
France	8.7	8.5
Germany, Federal Republic of	5.3	5.2
Greece	.4	.4
Haiti	.1	.1
India	2.4	2.4
Indonesia	1.3	1.3
Italy	2.9	2.8
Netherlands, Kingdom of the	4.7	4.6
New Zealand	1.0	1.0
Nicaragua	.1	.1
Norway	1.1	1.1
Pakistan	.9	.8
Peru	.4	.4
Rhodesia and Nyasaland	.6	.6
Sweden	2.5	2.4
Turkey	.6	.6
Union of South Africa	1.8	1.8
United Kingdom	20.3	19.8
United States of America	20.6	20.1
Uruguay	.4	.4
Japan		2.3
Total	100.0	100.0

Note: These percentages have been computed taking into account the trade of all territories in respect of which the General Agreement on Tariffs and Trade is applied.

ANNEX I

Notes and Supplementary Provisions

AD ARTICLE I

Paragraph 1

The obligations incorporated in paragraph 1 of Article I by reference to paragraphs 2 and 4 of Article III and those incorporated in paragraph 2(b) of Article II by reference to Article VI shall be considered as falling within Part II for the purposes of the Protocol of Provisional Application.

The cross-references, in the paragraph immediately above and in paragraph 1 of Article I, to paragraphs 2 and 4 of Article III shall only apply after Article III has been modified by the entry into force of the amendment provided for in the Protocol Modifying Part II and Article XXVI of the General Agreement on Tariffs and Trade, dated September 14, 1948.

Paragraph 4

The term "margin of preference" means the absolute difference between the most-favoured-nation rate of duty and the preferential rate of duty for the like product, and not the proportionate relation between those rates. As examples:

(1) If the most-favoured-nation rate were 36 percent *ad valorem* and the preferential rate were 24 percent *ad valorem*, the margin of preference would be 12 percent *ad valorem*, and not one-third of the most-favoured-nation rate.

(2) If the most-favoured-nation rate were 36 percent *ad valorem* and the preferential rate were expressed as two-thirds of the most-favoured-nation rate, the margin of preference would be 12 percent *ad valorem*.

(3) If the most-favoured-nation rate were 2 francs per kilogramme and the preferential rate were 1.50 francs per kilogramme, the margin of preference would be 0.50 francs per kilogramme.

The following kinds of customs action, taken in accordance with established uniform procedures, would not be contrary to a general binding of margins of preference:

(i) The re-application to an imported product of a tariff classification or rate of duty, properly applicable to such product, in cases in which the application of such classification or rate to such product was temporarily suspended or inoperative on April 10, 1947; and

(ii) The classification of a particular product under a tariff item other than that under which importations of that product were classified on April 10, 1947, in cases in which the tariff law clearly contemplates that such product may be classified under more than one tariff item.

AD ARTICLE II

Paragraph 2(a)

The cross-reference, in paragraph 2(a) of Article II, to paragraph 2 of Article III shall only apply after Article III has been modified by the entry into force of the amendment provided for in the Protocol Modifying Part II and Article XXVI of the General Agreement on Tariffs and Trade, dated September 14, 1948.

Paragraph 2(b)

See the note relating to paragraph 1 of Article I.

Paragraph 4

Except where otherwise specifically agreed between the contracting parties which initially negotiated the concession, the provisions of this paragraph will be applied in the light of the provisions of Article 31 of the Havana Charter.

AD ARTICLE III

Any internal tax or other internal charge, or any law, regulation or requirement of the kind referred to in paragraph 1 which applies to an imported product and to the like domestic product and is collected or enforced in the case of the imported product at the time or point of importation, is nevertheless to be regarded as an internal tax or other internal charge, or a law, regulation or requirement of the kind referred to in paragraph 1, and is accordingly subject to the provisions of Article III.

Paragraph 1

The application of paragraph 1 to internal taxes imposed by local governments and authorities within the territory of a contracting party is subject to the provisions of the final paragraph of Article XXIV. The term "reasonable measures" in the last-mentioned paragraph would not require, for example, the repeal of existing national legislation authorizing local governments to impose internal taxes which, although technically inconsistent with the letter of Article III, are not in fact inconsistent with its spirit, if such repeal would result in a serious financial hardship for the local governments or authorities concerned. With regard to taxation by local governments or authorities which is inconsistent with both the letter and spirit of Article III, the term "reasonable measures" would permit a contracting party to eliminate the inconsistent taxation gradually over a transition period, if abrupt action would create serious administrative and financial difficulties.

Paragraph 2

A tax conforming to the requirements of the first sentence of paragraph 2 would be considered to be inconsistent with the provisions of the second sentence only in cases where competition was involved between, on the one hand, the taxed product and, on the other hand, a directly competitive or substitutable product which was not similarly taxed.

Paragraph 5

Regulations consistent with the provisions of the first sentence of paragraph 5 shall not be considered to be contrary to the provisions of the second sentence in any case in which all of the products subject to the regulations are produced domestically in substantial quantities. A regulation cannot be justified as being consistent with the provisions of the second sentence on the ground that the proportion or amount allocated to each of the products which are the subject of the regulation constitutes an equitable relationship between imported and domestic products.

AD ARTICLE V

Paragraph 5

With regard to transportation charges, the principle laid down in paragraph 5 refers to like products being transported on the same route under like conditions.

AD ARTICLE VI

Paragraph 1

1. Hidden dumping by associated houses (that is, the sale by an importer at a price below that corresponding to the price invoiced by an exporter with whom the importer is associated, and also below the price in the exporting country) constitutes a form of price dumping with respect to which the margin of dumping may be calculated on the basis of the price at which the goods are resold by the importer.

2. It is recognized that, in the case of imports from a country which has a complete or substantially complete monopoly of its trade and where all domestic prices are fixed by the State, special difficulties may exist in determining price comparability for the purposes of paragraph 1, and in such cases importing contracting parties may find it necessary to take into account the possibility that a strict comparison with domestic prices in such a country may not always be appropriate.

Paragraphs 2 and 3

Note 1.—As in many other cases in customs administration, a contracting party may require reasonable security (bond or cash deposit) for the payment of anti-dumping or countervailing duty pending final determination of the facts in any case of suspected dumping or subsidization.

Note 2.—Multiple currency practices can in certain circumstances constitute a subsidy to exports which may be met by countervailing duties under paragraph 3 or can constitute a form of dumping by means of a partial depreciation of a country's currency which may be met by action under paragraph 2. By "multiple currency practices" is meant practices by governments or sanctioned by governments.

Paragraph 6(b)

Waivers under the provisions of this sub-paragraph shall be granted only on application by the contracting party proposing to levy an anti-dumping or countervailing duty, as the case may be.

AD ARTICLE VII

Paragraph 1

The expression "or other charges" is not to be regarded as including internal taxes or equivalent charges imposed on or in connection with imported products.

Paragraph 2

1. It would be in conformity with Article VII to presume that "actual value" may be represented by the invoice price, plus any non-included charges for legitimate costs which are proper elements of "actual value" and plus any abnormal discount or other reduction from the ordinary competitive price.
2. It would be in conformity with Article VII, paragraph 2(b), for a contracting party to construe the phrase "in the ordinary course of trade . . . under fully competitive conditions", as excluding any transaction wherein the buyer and seller are not independent of each other and price is not the sole consideration.
3. The standard of "fully competitive conditions" permits a contracting party to exclude from consideration prices involving special discounts limited to exclusive agents.
4. The wording of sub-paragraphs (a) and (b) permits a contracting party to determine the value for customs purposes uniformly either (1) on the basis of a particular exporter's prices of the imported merchandise, or (2) on the basis of the general price level of like merchandise.

AD ARTICLE VIII

1. While Article VIII does not cover the use of multiple rates of exchange as such, paragraphs 1 and 4 condemn the use of exchange taxes or fees as a device for implementing multiple currency practices; if, however, a contracting party is using multiple currency exchange fees for balance of payments reasons with the approval of the International Monetary Fund, the provisions of paragraph 9(a) of Article XV fully safeguard its position.
2. It would be consistent with paragraph 1 if on the importation of products from the territory of a contracting party into the territory of another contracting party, the production of certificates of origin should only be required to the extent that is strictly indispensable.

AD ARTICLES XI, XII, XIII, XIV AND XVIII

Throughout Articles XI, XII, XIII, XIV and XVIII the terms "import restrictions" or "export restrictions" include restrictions made effective through state-trading operations.

AD ARTICLE XI

Paragraph 2(c)

The term "in any form" in this paragraph covers the same products when in an early stage of processing and still perishable, which compete directly with the fresh product and if freely imported would tend to make the restriction on the fresh product ineffective.

Paragraph 2, last sub-paragraph

The term "special factors" includes changes in relative productive efficiency as between domestic and foreign producers, or as between different foreign producers, but not changes artificially brought about by means not permitted under the Agreement.

AD ARTICLE XII

The Contracting Parties shall make provision for the utmost secrecy in the conduct of any consultation under the provisions of this Article.

Paragraph 3(c) (i)

Contracting parties applying restrictions shall endeavour to avoid causing serious prejudice to exports of a commodity on which the economy of a contracting party is largely dependent.

Paragraph 4(b)

It is agreed that the date shall be within ninety days after the entry into force of the amendments of this Article effected by the Protocol Amending the Preamble and Parts II and III of this Agreement. However, should the Contracting Parties find that conditions were not suitable for the application of the provisions of this sub-paragraph at the time envisaged, they may determine a later date: *Provided*, that such date is not more than thirty days after such time as the obligations of Article VIII, Sections 2, 3 and 4 of the Articles of Agreement of the International Monetary Fund become applicable to contracting parties, members of the Fund, the combined foreign trade of which constitutes at least fifty per centum of the aggregate foreign trade of all contracting parties.

Paragraph 4(e)

It is agreed that paragraph 4(e) does not add any new criteria for the imposition or maintenance of quantitative restrictions for balance of payments reasons. It is solely intended to ensure that all external factors such as changes in the terms of trade, quantitative restrictions, excessive tariffs and subsidies, which may be contributing to the balance of payments difficulties of the contracting party applying restrictions will be fully taken into account.

AD ARTICLE XIII

Paragraph 2(d)

No mention was made of "commercial considerations" as a rule for the allocation of quotas because it was considered that its application by governmental authorities might not always be practicable. Moreover, in cases where it is practicable, a contracting party could apply these considerations in the process of seeking agreement, consistently with the general rule laid down in the opening sentence of paragraph 2.

Paragraph 4

See note relating to "special factors" in connection with the last sub-paragraph of paragraph 2 of Article XI.

AD ARTICLE XIV

Paragraph 1

The provisions of this paragraph shall not be so construed as to preclude full consideration by the Contracting Parties, in the consultations provided for in paragraph 4 of Article XII and in paragraph 12 of Article XVIII, of the nature, effects and reasons for discrimination in the field of import restrictions.[1]

Paragraph 2

One of the situations contemplated in paragraph 2 is that of a contracting party holding balances acquired as a result of current transactions which it finds itself unable to use without a measure of discrimination.

AD ARTICLE XV

Paragraph 4

The word "frustrate" is intended to indicate, for example, that infringements of the letter of any Article of this Agreement by exchange action shall not be regarded as a violation of that Article if, in practice, there is no appreciable departure from the intent of the Article. Thus, a contracting party which, as part of its exchange control operated in accordance with the Articles of Agreement of the International Monetary Fund, requires payment to be received for its exports in its own currency or in the currency of one or more members of the International Monetary Fund will not thereby be deemed to contravene Article XI or Article XIII. Another example would be that of a contracting party which specifies on an import license the country from which the goods may be imported, for the purpose not of introducing any additional element of discrimination in its import licensing system but of enforcing permissible exchange controls.

AD ARTICLE XVI

The exemption of an exported product from duties or taxes borne by the like product when destined for domestic consumption, or the remission of such duties or taxes in amounts not in excess of those which have accrued, shall not be deemed to be a subsidy.

Section B

1. Nothing in Section B shall preclude the use by a contracting party of multiple rates of exchange in accordance with the Articles of Agreement of the International Monetary Fund.

2. For the purposes of Section B, a "primary product" is understood to be any product of farm, forest or fishery, or any mineral, in its natural form or which has undergone such processing as is customarily required to prepare it for marketing in substantial volume in international trade.

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[1] Text as amended Feb. 15, 1961.

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Paragraph 3

1. The fact that a contracting party has not exported the product in question during the previous representative period would not in itself preclude that contracting party from establishing its right to obtain a share of the trade in the product concerned.

2. A system for the stabilization of the domestic price or of the return to domestic producers of a primary product independently of the movements of export prices, which results at times in the sale of the product for export at a price lower than the comparable price charged for the like product to buyers in the domestic market, shall be considered not to involve a subsidy on exports within the meaning of paragraph 3 if the Contracting Parties determine that:

(a) the system has also resulted, or is so designed as to result, in the sale of the product for export at a price higher than the comparable price charged for the like product to buyers in the domestic market; and

(b) the system is so operated, or is designed so to operate, either because of the effective regulation of production or otherwise, as not to stimulate exports unduly or otherwise seriously to prejudice the interests of other contracting parties.

Notwithstanding such determination by the Contracting Parties, operations under such a system shall be subject to the provisions of paragraph 3 where they are wholly or partly financed out of government funds in addition to the funds collected from producers in respect of the product concerned.

Paragraph 4

The intention of paragraph 4 is that the contracting parties should seek before the end of 1957 to reach agreement to abolish all remaining subsidies as from 1 January 1958; or, failing this, to reach agreement to extend the application of the standstill until the earliest date thereafter by which they can expect to reach such agreement.

AD ARTICLE XVII

Paragraph 1

The operations of Marketing Boards, which are established by contracting parties and are engaged in purchasing or selling, are subject to the provisions of sub-paragraphs (a) and (b).

The activities of Marketing Boards which are established by contracting parties and which do not purchase or sell but lay down regulations covering private trade are governed by the relevant Articles of this Agreement.

The charging by a state enterprise of different prices for its sales of a product in different markets is not precluded by the provisions of this Article, provided that such different prices are charged for commercial reasons, to meet conditions of supply and demand in export markets.

Paragraph 1(a)

Governmental measures imposed to ensure standards of quality and efficiency in the operation of external trade, or privileges granted for the exploitation of national natural resources but which do not empower the government to exercise control over the trading activities of the enterprise in question, do not constitute "exclusive or special privileges".

Paragraph 1(b)

A country receiving a "tied loan" is free to take this loan into account as a "commercial consideration" when purchasing requirements abroad.

Paragraph 2

The term "goods" is limited to products as understood in commercial practice, and is not intended to include the purchase or sale of services.

Paragraph 3

Negotiations which contracting parties agree to conduct under this paragraph may be directed towards the reduction of duties and other charges on imports and exports or towards the conclusion of any other mutually satisfactory arrangement consistent with the provisions of this Agreement. (See paragraph 4 of Article II and the note to that paragraph.)

Paragraph 4(b)

The term "import mark-up" in this paragraph shall represent the margin by which the price charged by the import monopoly for the imported product (exclusive of internal taxes within the purview of Article III, transportation, distribution, and other expenses incident to the purchase, sale or further processing, and a reasonable margin of profit) exceeds the landed cost.

AD ARTICLE XVIII

The Contracting Parties and the contracting parties concerned shall preserve the utmost secrecy in respect of matters arising under this Article.

Paragraphs 1 and 4

1. When they consider whether the economy of a contracting party "can only support low standards of living," the Contracting Parties shall take into consideration the normal position of that economy and shall not base their determination on exceptional circumstances such as those which may result from the temporary existence of exceptionally favourable conditions for the staple export product or products of such contracting party.

2. The phrase "in the early stages of development" is not meant to apply only to contracting parties which have just started their economic development, but also to contracting parties the economies of which are undergoing a process of industrialization to correct an excessive dependence on primary production.

Paragraphs 2, 3, 7, 13 and 22

The reference to the establishment of particular industries shall apply not only to the establishment of a new industry, but also to the establishment of a new branch of production in an existing industry and to the substantial transformation of an existing industry, and to the substantial expansion of an existing industry supplying a relatively small proportion of the domestic demand. It shall also cover the reconstruction of an industry destroyed or substantially damaged as a result of hostilities or natural disasters.

Paragraph 7(b)

A modification or withdrawal, pursuant to paragraph 7(b), by a contracting party, other than the applicant contracting party, referred to in paragraph 7(a), shall be made within six months of the day on which the action is taken by the applicant contracting party, and shall become effective on the thirtieth day following the day on which such modification or withdrawal has been notified to the Contracting Parties.

Paragraph 11

The second sentence in paragraph 11 shall not be interpreted to mean that a contracting party is required to relax or remove restrictions if such relaxation or removal would thereupon produce conditions justifying the intensification or institution, respectively, of restrictions under paragraph 9 of Article XVIII.

Paragraph 12(b)

The date referred to in paragraph 12(b) shall be the date determined by the Contracting Parties in accordance with the provisions of paragraph 4(b) of Article XII of this Agreement.

Paragraphs 13 and 14

It is recognized that, before deciding on the introduction of a measure and notifying the Contracting Parties in accordance with paragraph 14, a contracting party may need a reasonable period of time to assess the competitive position of the industry concerned.

Paragraphs 15 and 16

It is understood that the Contracting Parties shall invite a contracting party proposing to apply a measure under Section C to consult with them pursuant to paragraph 16 if they are requested to do so by a contracting party the trade of which would be appreciably affected by the measure in question.

Paragraphs 16, 18, 19, and 22

1. It is understood that the Contracting Parties may concur in a proposed measure subject to specific conditions or limitations. If the measure as applied does not conform to the terms of the concurrence it will to that extent be deemed a measure in which the Contracting Parties have not concurred. In cases in which the Contracting Parties have concurred in a measure for a specified period, the contracting party concerned, if it finds that the maintenance of the measure for a further period of time is required to achieve the objective for which the measure was originally taken, may apply to the Contracting Parties for an extension of that period in accordance with the provisions and procedures of Section C or D, as the case may be.

2. It is expected that the Contracting Parties will, as a rule, refrain from concurring in a measure which is likely to cause serious prejudice to exports of a commodity on which the economy of a contracting party is largely dependent.

Paragraphs 18 and 22

The phrase "that the interests of other contracting parties are adequately safeguarded" is meant to provide latitude sufficient to permit consideration in each case of the most appropriate method of safeguarding those interests. The appropriate method may, for instance, take the form of an additional concession to be applied by the contracting party having recourse to Section C or D during such time as the deviation from the other Articles of the Agreement would remain in force or of the temporary suspension by any other contracting party referred to in paragraph 18 of a concession substantially equivalent to the impairment due to the introduction of the measure in question. Such contracting party would have the right to safeguard its interests through such a temporary suspension of a concession; *Provided* that this right will not be exercised when, in the case of a measure imposed by a contracting party coming within the scope of paragraph 4(a), the Contracting Parties have to determine that the extent of the compensatory concession proposed was adequate.

Paragraph 19

The provisions of paragraph 19 are intended to cover the cases where an industry has been in existence beyond the "reasonable period of time" referred to in the note to paragraphs 13 and 14, and should not be so construed as to deprive a contracting party coming within the scope of paragraph 4(a) of Article XVIII, of its right to resort to the other provisions of Section C, including paragraph 17, with regard to a newly established industry even though it has benefited from incidental protection afforded by balance of payments import restrictions.

Paragraph 21

Any measure taken pursuant to the provisions of paragraph 21 shall be withdrawn forthwith if the action taken in accordance with paragraph 17 is withdrawn or if the Contracting Parties concur in the measure proposed after the expiration of the ninety-day time limit specified in paragraph 17.

AD ARTICLE XX

Sub-paragraph (h)

The exception provided for in this sub-paragraph extends to any commodity agreement which conforms to the principles approved by the Economic and Social Council in its Resolution 30 (IV) of 28 March 1947.

AD ARTICLE XXIV

Paragraph 9

It is understood that the provisions of Article I would require that, when a product which has been imported into the territory of a member of a customs union or free-trade area at a preferential rate of duty is re-exported to the territory of another member of such union or area, the latter member should collect a duty equal to the difference between the duty already paid and any higher duty that would be payable if the product were being imported directly into its territory.

Paragraph 11

Measures adopted by India and Pakistan in order to carry out definitive trade arrangements between them, once they have been agreed upon, might depart from particular provisions of this Agreement, but these measures would in general be consistent with the objectives of the Agreement.

AD ARTICLE XXVIII

The Contracting Parties and each contracting party concerned should arrange to conduct the negotiations and consultations with the greatest possible secrecy in order to avoid premature disclosure of details of prospective tariff changes. The Contracting Parties shall be informed immediately of all changes in national tariffs resulting from recourse to this Article.

Paragraph 1

1. If the Contracting Parties specify a period other than a three-year period, a contracting party may act pursuant to paragraph 1 or paragraph 3 of Article XXVIII on the first day following the expiration of such other period and, unless the Contracting Parties have again specified another period, subsequent periods will be three-year periods following the expiration of such specified period.

2. The provision that on 1 January 1958, and on other days determined pursuant to paragraph 1, a contracting party "may * * * modify or withdraw a concession" means that on such day, and on the first day after the end of each period, the legal obligation of such contracting party under Article II is altered; it does not mean that the changes in its customs tariff should necessarily be made effective on that day. If a tariff change resulting from negotiations undertaken pursuant to this Article is delayed, the entry into force of any compensatory concessions may be similarly delayed.

3. Not earlier than six months, nor later than three months, prior to 1 January 1958, or to the termination date of any subsequent period, a contracting party wishing to modify or withdraw any concession embodied in the appropriate Schedule, should notify the Contracting Parties to this effect. The Contracting Parties shall then determine the contracting party or contracting parties with which the negotiations or consultations referred to in paragraph 1 shall take place. Any contracting party so determined shall participate in such negotiations or consultations with the applicant contracting party with the aim of reaching agreement before the end of the period. Any extension of the assured life of the Schedules shall relate to the Schedules as modified after such negotiations, in accordance with paragraphs 1, 2 and 3 of Article XXVIII. If the Contracting Parties are arranging for multilateral tariff negotiations to take place within the period of six months before 1 January 1958, or before any other day determined pursuant to paragraph 1, they shall include in the arrangements for such negotiations suitable procedures for carrying out the negotiations referred to in this paragraph.

4. The object of providing for the participation in the negotiations of any contracting party with a principal supplying interest, in addition to any contracting party with which the concession was initially negotiated, is to ensure that a contracting party with a larger share in the trade affected by the concession than a contracting party with which the concession was initially negotiated shall have an effective opportunity to protect the contractual right which it enjoys under this Agreement. On the other hand, it is not intended that the scope of the negotiations should be such as to make negotiations and agreement under Article XXVIII unduly difficult nor to create complications in the application of this Article in the future to concessions which result from negotiations thereunder. Accordingly, the Contracting Parties should only determine that a contracting party has a principal supplying interest if that contracting party has had, over a reasonable period of time prior to the negotiations, a larger share in the market of the applicant contracting party than a contracting party with which the concession was initially negotiated or would, in the judgment of the Contracting Parties, have had such a share in the absence of discriminatory quantitative restrictions maintained by the applicant contracting party. It would therefore not be appropriate for the Contracting Parties to determine that more than one contracting party, or in those exceptional cases where there is near equality more than two contracting parties, had a principal supplying interest.

5. Notwithstanding the definition of a principal supplying interest in note 4 to paragraph 1, the Contracting Parties may exceptionally determine that a contracting party has a principal supplying interest if the concession in question affects trade which constitutes a major part of the total exports of such contracting party.

6. It is not intended that provision for participation in the negotiations of any contracting party with a principal supplying interest, and for consultation with any contracting party having a substantial interest in the concession which the applicant contracting party is seeking to modify or withdraw, should have the effect that it should have to pay compensation or suffer retaliation greater than the withdrawal or modification sought, judged in the light of the conditions of trade at the time of the proposed withdrawal or modification, making allowance for any discriminatory quantitative restrictions maintained by the applicant contracting party.

7. The expression "substantial interest" is not capable of a precise definition and accordingly may present difficulties for the Contracting Parties. It is, however, intended to be construed to cover only those contracting parties which have, or in the absence of discriminatory quantitative restrictions affecting their exports could reasonably be expected to have, a significant share in the market of the contracting party seeking to modify or withdraw the concession.

Paragraph 4

1. Any request for authorization to enter into negotiations shall be accompanied by all relevant statistical and other data. A decision on such request shall be made within thirty days of its submission.

2. It is recognized that to permit certain contracting parties, depending in large measure on a relatively small number of primary commodities and relying on the tariff as an important aid for furthering

diversification of their economies or as an important source of revenue, normally to negotiate for the modification or withdrawal of concessions only under paragraph 1 of Article XXVIII, might cause them at such a time to make modifications or withdrawals which is the long run would prove unnecessary. To avoid such a situation the Contracting Parties shall authorize any such contracting party, under paragraph 4, to enter into negotiations unless they consider this would result in, or contribute substantially towards, such an increase in tariff levels as to threaten the stability of the Schedules to this Agreement or lead to undue disturbance of international trade.

3. It is expected that negotiations authorized under paragraph 4 for modification or withdrawal of a single item, or a very small group of items, could normally be brought to a conclusion in sixty days. It is recognized, however, that such a period will be inadequate for cases involving negotiations for the modification or withdrawal of a larger number of items and in such cases, therefore, it would be appropriate for the Contracting Parties to prescribe a longer period.

4. The determination referred to in paragraph 4(d) shall be made by the Contracting Parties within thirty days of the submission of the matter to them, unless the applicant contracting party agrees to a longer period.

5. In determining under paragraph 4(d) whether an applicant contracting party has unreasonably failed to offer adequate compensation, it is understood that the Contracting Parties will take due account of the special position of a contracting party which has bound a high proportion of its tariffs at very low rates of duty and to this extent has less scope than other contracting parties to make compensatory adjustment.

AD ARTICLE XXVIII BIS

Paragraph 3

It is understood that the reference to fiscal needs would include the revenue aspect of duties and particularly duties imposed primarily for revenue purposes or duties imposed on products which can be substituted for products subject to revenue duties to prevent the avoidance of such duties.

AD ARTICLE XXIX

Paragraph 1

Chapters VII and VIII of the Havana Charter have been excluded from paragraph 1 because they generally deal with the organization, functions and procedures of the International Trade Organization.

AD PART IV

The words "developed contracting parties" and the words "less-developed contracting parties" as used in Part IV are to be understood to refer to developed and less-developed countries which are parties to the General Agreement on Tariffs and Trade.

AD ARTICLE XXXVI

Paragraph 1

This Article is based upon the objectives set forth in Article I as it will be amended by Section A of paragraph 1 of the Protocol Amending Part I and Articles XXIX and XXX when that Protocol enters into force.

Paragraph 4

The term "primary products" includes agricultural products, *vide* paragraph 2 of the note ad Article XVI, Section B.

Paragraph 5

A diversification programme would generally include the intensification of activities for the processing of primary products and the development of manufacturing industries, taking into account the situation of the particular contracting party and the world outlook for production and consumption of different commodities.

Paragraph 8

It is understood that the phrase "do not expect reciprocity" means, in accordance with the objectives set forth in this Article, that the less-developed contracting parties should not be expected, in the course of trade negotiations, to make contributions which are inconsistent with their individual development, financial and trade needs, taking into consideration past trade developments.

This paragraph would apply in the event of action under Section A of Article XVIII, Article XXVIII, Article XXVIII bis (Article XXIX after the amendment set forth in Section A of paragraph 1 of the Protocol Amending Part I and Articles XXIX and XXX shall have become effective), Article XXXIII, or any other procedure under this Agreement.

AD ARTICLE XXXVII

Paragraph 1(a)

This paragraph would apply in the event of negotiations for reduction or elimination of tariffs or other restrictive regulations of commerce under Articles XXVIII, XXVIII bis (XXIX after the amendment set forth in Section A of paragraph 1 of the Protocol Amending Part I and Articles XXIX and XXX shall have become effective), and Article XXXIII, as well as in connexion with other action to effect such reduction or elimination which contracting parties may be able to undertake.

Paragraph 3(b)

The other measures referred to in this paragraph might include steps to promote domestic structural changes, to encourage the consumption of particular products, or to introduce measures of trade promotion.

2. This Protocol shall be deposited with the Executive Secretary to the Contracting Parties to the General Agreement. It shall be open for acceptance, by signature or otherwise, by the contracting parties to the General Agreement and by the governments which have acceded provisionally to the General Agreement, until 31 December 1965; *provided* that the period during which this Protocol may be accepted in respect of a contracting party or such government may, by a decision of the Contracting Parties, be extended beyond that date.[1]

3. Acceptance of this Protocol in accordance with the provisions of paragraph 2 shall be deemed to constitute an acceptance of the amendments set forth in paragraph 1 in accordance with the provisions of Article XXX of the General Agreement.

4. The amendments set forth in paragraph 1 shall become effective in accordance with the provisions of Article XXX of the General Agreement following acceptance of the Protocol by two thirds of the governments which are then contracting parties.[2]

5. The amendments set forth in paragraph 1 shall become effective between a government which has acceded provisionally to the General Agreement and a government which is a contracting party, and between two governments which have acceded provisionally when such amendments shall have been accepted by both such governments; *provided* that the amendments shall not become so effective before an instrument of provisional accession shall have beome effective between the two governments nor before the amendments shall have become effective in accordance with the provisions of paragraph 4.

6. Acceptance of this Protocol by a contracting party, to the extent that it shall not have already taken final action to become a party to the following instruments and except as it may otherwise notify the Executive Secretary in writing at the time of such acceptance, shall constitute final action to become a party to each of the following instruments:

PROTOCOL OF PROVISIONAL APPLICATION OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE

1. The Governments of the Commonwealth of Australia, the Kingdom of Belgium (in respect of its metropolitan territory), Canada, the French Republic (in respect of its metropolitan territory), the Grand-Duchy of Luxemburg, the Kingdom of the Netherlands (in respect of its metropolitan territory), the United Kingdom of Great Britain and Northern Ireland (in respect of its metropolitan territory), and the United States of America, undertake, provided that this Protocol shall have been signed on behalf of all the foregoing Governments not later than November 15, 1947, to apply provisionally on and after January 1, 1948:

(a) Parts I and III of the General Agreement on Tariffs and Trade, and

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[1] Extended until the close of the twenty-fourth session of the contracting parties (Decision of Jan. 17, 1966; not printed).

[2] Entered into force June 27, 1966.

(b) Part II of that Agreement to the fullest extent not inconsistent with existing legislation.

2. The foregoing Governments shall make effective such provisional application of the General Agreement, in respect of any of their territories other than their metropolitan territories, on or after January 1, 1948, upon the expiration of thirty days from the day on which notice of such application is received by the Secretary-General of the United Nations.

3. Any other Government signatory to this Protocol shall make effective such provisional application of the General Agreement, on or after January 1, 1948, upon the expiration of thirty days from the day of signature of this Protocol on behalf of such Government.

4. This Protocol shall remain open for signature at the Headquarters of the United Nations, (a) until November 15, 1947, on behalf of any Government named in paragraph 1 of this Protocol which has not signed it on this day, and (b) until June 30, 1948, on behalf of any other Government signatory to the Final Act adopted at the conclusion of the Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment which has not signed it on this day.

5. Any Government applying this Protocol shall be free to withdraw such application, and such withdrawal shall take effect upon the expiration of sixty days from the day on which written notice of such withdrawal is received by the Secretary-General of the United Nations.

6. The original of this Protocol shall be deposited with the Secretary-General of the United Nations, who will furnish certified copies thereof to all interested Governments.

In Witness Whereof the respective Representatives, after having communicated their full powers, found to be in good and due form, have signed this Protocol.

Done at Geneva, in a single copy, in the English and French languages, both texts authentic, this thirtieth day of October, one thousand nine hundred and forty-seven.

International Antidumping Code

[Public Law 90-634, 90th Congress, H.R. 17324, October 24, 1968]

AN ACT To extend and amend the Renegotiation Act of 1951, and for other purposes 82 STAT. 1345

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

* * * * * * *

TITLE II—ADMINISTRATION OF THE ANTIDUMPING ACT, 1921

DETERMINATIONS UNDER THE ANTIDUMPING ACT, 1921

SEC. 201. (a) Nothing contained in the International Antidumping Code, signed at Geneva on June 30, 1967, shall be construed to restrict the discretion of the United States Tariff Commission in performing its duties and functions under the Antidumping Act, 1921, and in performing their duties and functions under such Act the Secretary of the Treasury and the Tariff Commission shall— 42 Stat. 9. 19 USC 160-171.

(1) resolve any conflict between the International Antidumping Code and the Antidumping Act, 1921, in favor of the Act as applied by the agency administering the Act, and

(2) take into account the provisions of the International Antidumping Code only insofar as they are consistent with the Antidumping Act, 1921, as applied by the agency administering the Act.

(b) No later than August 1, 1969, the President shall submit to the House of Representatives and United States Senate a report for the period beginning on July 1, 1968, and ending on June 30, 1969, which shall— Report to Congress.

(1) set out the text of all determinations made by the Secretary of the Treasury and the United States Tariff Commission under the Antidumping Act, 1921, in such period;

(2) analyze with respect to each determination in such period the manner in which the Antidumping Act, 1921, has been administered to take into account the provisions of the International Antidumping Code;

(3) summarize antidumping actions taken by other countries in such period against United States exports and relate such actions to the provisions of the International Antidumping Code; and

(4) include such recommendations as the President determines appropriate concerning the administration of the Antidumping Act, 1921.

INTERNATIONAL ANTIDUMPING CODE

Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade

The parties to this Agreement,

Considering that Ministers on 21 May 1963 agreed that a significant liberalization of world trade was desirable and that the comprehensive trade negotiations, the 1964 Trade Negotiations, should deal not only with tariffs but also with non-tariff barriers;

Recognizing that anti-dumping practices should not constitute an unjustifiable impediment to international trade and that anti-dumping duties may be applied against dumping only if such dumping causes or threatens material injury to an established industry or materially retards the establishment of an industry;

Considering that it is desirable to provide for equitable and open procedures as the basis for a full examination of dumping cases; and

Desiring to interpret the provisions of Article VI of the General Agreement and to elaborate rules for their application in order to provide greater uniformity and certainty in their implementation;

Hereby agree as follows:

Part I—Anti-Dumping Code

Article 1

The imposition of an anti-dumping duty is a measure to be taken only under the circumstances provided for in Article VI of the General Agreement. The following provisions govern the application of this Article, insofar as action is taken under anti-dumping legislation or regulations.

A. DETERMINATION OF DUMPING

Article 2

(a) For the purpose of this Code a product is to be considered as being dumped, i.e., introduced into the commerce of another country at less than its normal value, if the export price of the product exported from one country to another is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country.

(b) Throughout this Code the term "like product" ("produit similaire") shall be interpreted to mean a product which is identical, i.e., alike in all respects to the product under consideration, or in the absence of such a product, another product which, although not alike in all respects, has characteristics closely resembling those of the product under consideration.

(c) In the case where products are not imported directly from the country of origin but are exported to the country of importation from an intermediate country, the price at which the products are sold from the country of export to the country of importation shall normally be compared with the comparable price in the country of export. However, comparison may be made with the price in the country of origin, if, for example, the products are merely trans-shipped through the country of export, or such products are not produced in the country of export, or there is no comparable price for them in the country of export.

(d) When there are no sales of the like product in the ordinary course of trade in the domestic market of the exporting country or when, because of the particular market situation, such sales do not permit a proper comparison, the margin of dumping shall be determined by comparison with a comparable price of the like product when exported to any third country which may be the highest such export price but should be a representative price, or with the cost of production in the country of origin plus a reasonable amount for administrative, selling and any other costs and for profits. As a general rule, the addition for profit shall not exceed the profit normally realized on sales of products of the same general category in the domestic market of the country of origin.

(e) In cases where there is no export price or where it appears to the authorities[1] concerned that the export price is unreliable because of association or a compensatory arrangement between the exporter and the importer or a third party, the export price may be constructed on the basis of the price at which the imported products are first resold to an independent buyer, or if the products are not resold to an independent buyer, or not resold in the condition as imported, on such reasonable basis as the authorities may determine.

(f) In order to effect a fair comparison between the export price and the domestic price in the exporting country (or the country of origin) or, if applicable, the price established pursuant to the provisions of Article VI:1(b) of the General Agreement, the two prices shall be compared at the same level of trade, normally at the exfactory level, and in respect of sales made at as nearly as possible the same time. Due allowance shall be made in each case, on its merits, for the differences in conditions and terms of sale, for the differences in taxation, and for the other differences affecting price comparability. In the cases referred to in Article 2(e) allowance for costs, including duties and taxes, incurred between importation and resale, and for profits accruing, should also be made.

(g) This Article is without prejudice to the second Supplementary Provision to paragraph 1 of Article VI in Annex I of the General Agreement.

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[1] When in this Code the term "authorities" is used, it shall be interpreted as meaning authorities at an appropriate, senior level.

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B. DETERMINATION OF MATERIAL INJURY, THREAT OF MATERIAL INJURY AND MATERIAL RETARDATION

Article 3.—Determination of Injury [1]

(a) A determination of injury shall be made only when the authorities concerned are satisfied that the dumped imports are demonstrably the principal cause of material injury or of threat of material injury to a domestic industry or the principal cause of material retardation of the establishment of such an industry. In reaching their decision the authorities shall weigh, on one hand, the effect of the dumping and, on the other hand, all other factors taken together which may be adversely affecting the industry. The determination shall in all cases be based on positive findings and not on mere allegations or hypothetical possibilities. In the case of retarding the establishment of a new industry in the country of importation, convincing evidence of the forthcoming establishment of an industry must be shown, for example that the plans for a new industry have reached a fairly advanced stage, a factory is being constructed or machinery has been ordered.

(b) The valuation of injury—that is the evaluation of the effects of the dumped imports on the industry in question—shall be based on examination of all factors having a bearing on the state of the industry in question, such as: development and prospects with regard to turnover, market share, profits, prices (including the extent to which the delivered, duty-paid price is lower or higher than the comparable price for the like product prevailing in the course of normal commercial transactions in the importing country), export performance, employment, volume of dumped and other imports, utilization of capacity of domestic industry, and productivity; and restrictive trade practices. No one or several of these factors can necessarily give decisive guidance.

(c) In order to establish whether dumped imports have caused injury, all other factors which, individually or in combination, may be adversely affecting the industry shall be examined, for example: the volume and prices of undumped imports of the product in question, competition between the domestic producers themselves, contraction in demand due to substitution of other products or to changes in consumer tastes.

(d) The effect of the dumped imports shall be assessed in relation to the domestic production of the like product when available data permit the separate identification of production in terms of such criteria as: the production process, the producers' realizations, profits. When the domestic production of the like product has no separate identity in these terms the effect of the dumped imports shall be assessed by the examination of the production of the narrowest group or range of products, which includes the like product, for which the necessary information can be provided.

[1] When in this Code the term "injury" is used, it shall, unless otherwise specified, be interpreted as covering cause of material injury to a domestic industry, threat of material injury to a domestic industry or material retardation of the establishment of such an industry.

(e) A determination of threat of material injury shall be based on facts and not merely on allegation, conjecture or remote possibility. The change in circumstances which would create a situation in which the dumping would cause material injury must be clearly foreseen and imminent.[2]

(f) With respect to cases where material injury is threatened by dumped imports, the application of anti-dumping measures shall be studied and decided with special care.

Article 4.—Definition of Industry

(a) In determining injury the term "domestic industry" shall be interpreted as referring to the domestic producers as a whole of the like products or to those of them whose collective output of the products constitutes a major proportion of the total domestic production of those products except that—

(i) when producers are importers of the allegedly dumped product the industry may be interpreted as referring to the rest of the producers;

(ii) in exceptional circumstances a country may, for the production in question, be divided into two or more competitive markets and the producers within each market regarded as a separate industry, if, because of transport costs, all the producers within such a market sell all or almost all of their production of the product in question in that market, and none, or almost none, of the product in question produced elsewhere in the country is sold in that market or if there exist special regional marketing conditions (for example, traditional patterns of distribution or consumer tastes) which result in an equal degree of isolation of the producers in such a market from the rest of the industry, provided, however, that injury may be found in such circumstances only if there is injury to all or almost all of the total production of the product in the market as defined.

(b) Where two or more countries have reached such a level of integration that they have the characteristics of a single, unified market, the industry in the entire area of integration shall be taken to be the industry referred to in Article 4(a).

(c) The provisions of Article 3(d) shall be applicable to this Article.

C. INVESTIGATION AND ADMINISTRATION PROCEDURES

Article 5.—Initiation and Subsequent Investigation

(a) Investigations shall normally be initiated upon a request on behalf of the industry [3] affected, supported by evidence both of dumping and of injury resulting therefrom for this industry. If in special circumstances the authorities concerned decide to initiate an investigation without having received such a request, they shall proceed only if they have evidence both on dumping and on injury resulting therefrom.

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[2] One example, though not an exclusive one, is that there is convincing reason to believe that there will be, in the immediate future, substantially increased importations of the product at dumped prices.

[3] As defined in Article 4.

(b) Upon initiation of an investigation and thereafter, the evidence of both dumping and injury should be considered simultaneously. In any event the evidence of both dumping and injury shall be considered simultaneously in the decision whether or not to initiate an investigation, and thereafter, during the course of the investigation, starting on a date not later than the earliest date on which provisional measures may be applied, except in the cases provided for in Article 10(d) in which the authorities accept the request of the exporter and the importer.

(c) An application shall be rejected and an investigation shall be terminated promptly as soon as the authorities concerned are satisfied that there is not sufficient evidence of either dumping or of injury to justify proceeding with the case. There should be immediate termination in cases where the margin of dumping or the volume of dumped imports, actual or potential, or the injury is negligible.

(d) An anti-dumping proceeding shall not hinder the procedures of customs clearance.

Article 6.—Evidence

(a) The foreign suppliers and all other interested parties shall be given ample opportunity to present in writing all evidence that they consider useful in respect to the anti-dumping investigation in question. They shall also have the right, on justification, to present evidence orally.

(b) The authorities concerned shall provide opportunities for the complainant and the importers and exporters known to be concerned and the governments of the exporting countries, to see all information that is relevant to the presentation of their cases, that is not confidential as defined in paragraph (c) below, and that is used by the authorities in an anti-dumping investigation, and to prepare presentations on the basis of this information.

(c) All information which is by nature confidential (for example, because its disclosure would be of significant competitive advantage to a competitor or because its disclosure would have a significantly adverse effect upon a person supplying the information or upon a person from whom he acquired the information) or which is provided on a confidential basis by parties to an anti-dumping investigation shall be treated as strictly confidential by the authorities concerned who shall not reveal it, without specific permission of the party submitting such information.

(d) However, if the authorities concerned find that a request for confidentiality is not warranted and if the supplier is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, the authorities would be free to disregard such information unless it can be demonstrated to their satisfaction from appropriate sources that the information is correct.

(e) In order to verify information provided or to obtain further details the authorities may carry out investigations in other countries as required, provided they obtain the agreement of the firms concerned and provided they notify the representatives of the government of the country in question and unless the latter object to the investigation.

(f) Once the competent authorities are satisfied that there is sufficient evidence to justify initiating an anti-dumping investigation pursuant to Article 5 representatives of the exporting country and the exporters and importers known to be concerned shall be notified and a public notice may be published.

(g) Throughout the anti-dumping investigation all parties shall have a full opportunity for the defence of their interests. To this end, the authorities concerned shall, on request, provide opportunities for all directly interested parties to meet those parties with adverse interests, so that opposing views may be presented and rebuttal arguments offered. Provisions of such opportunities must take account of the need to preserve confidentiality and of the convenience to the parties. There shall be no obligation on any party to attend a meeting and failure to do so shall not be prejudicial to that party's case.

(h) The authorities concerned shall notify representatives of the exporting country and the directly interested parties of their decisions regarding imposition or non-imposition of anti-dumping duties, indicating the reasons for such decisions and the criteria applied, and shall, unless there are special reasons against doing so, make public the decisions.

(i) The provisions of this Article shall not preclude the authorities from reaching preliminary determinations, affirmative or negative, or from applying provisional measures expeditiously. In cases in which any interested party withholds the necessary information, a final finding, affirmative or negative, may be made on the basis of the facts available.

Article 7.—Price Undertakings

(a) Anti-dumping proceedings may be terminated without imposition of anti-dumping duties or provisional measures upon receipt of a voluntary undertaking by the exporters to revise their prices so that the margin of dumping is eliminated or to cease to export to the area in question at dumped prices if the authorities concerned consider this practicable, e.g., if the number of exporters or potential exporters of the product in question is not too great and/or if the trading practices are suitable.

(b) If the exporters concerned undertake during the examination of a case, to revise prices or to cease to export the product in question, and the authorities concerned accept the undertaking, the investigation of injury shall nevertheless be completed if the exporters so desire or the authorities concerned so decide. If a determination of no injury is made, the undertaking given by the exporters shall automatically lapse unless the exporters state that it shall not lapse. The fact that exporters do not offer to give such undertakings during the period of investigation, or do not accept an invitation made by the investigating authorities to do so, shall in no way be prejudicial to the consideration of the case. However, the authorities are of course free to determine that a threat of injury is more likely to be realized if the dumped imports continue.

D. ANTI-DUMPING DUTIES AND PROVISIONAL MEASURES

Article 8.—Imposition and Collection of Anti-Dumping Duties

(a) The decision whether or not to impose an anti-dumping duty in cases where all requirements for the imposition have been fulfilled and the decision whether the amount of the anti-dumping duty to be imposed shall be the full margin of dumping or less, are decisions to be made by the authorities of the importing country or customs territory. It is desirable that the imposition be permissive in all countries or customs territories parties to this Agreement, and that the duty be less than the margin, if such lesser duty would be adequate to remove the injury to the domestic industry.

(b) When an anti-dumping duty is imposed in respect of any product, such anti-dumping duty shall be levied, in the appropriate amounts in each case, on a non-discriminatory basis on imports of such product from all sources found to be dumped and causing injury. The authorities shall name the supplier or suppliers of the product concerned. If, however, several suppliers from the same country are involved, and it is impracticable to name all these suppliers, the authorities may name the supplying country concerned. If several suppliers from more than one country are involved, the authorities may name either all the suppliers involved, or, if this is impracticable, all the supplying countries involved.

(c) The amount of the anti-dumping duty must not exceed the margin of dumping as established under Article 2. Therefore, if subsequent to the application of the anti-dumping duty it is found that the duty so collected exceeds the actual dumping margin, the amount in excess of the margin shall be reimbursed as quickly as possible.

(d) Within a basic price system the following rules shall apply provided that their application is consistent with the other provisions of this Code: If several suppliers from one or more countries are involved, anti-dumping duties may be imposed on imports of the product in question found to have been dumped and to be causing injury from the country or countries concerned, the duty being equivalent to the amount by which the export price is less than the basic price established for this purpose, not exceeding the lowest normal price in the supplying country or countries where normal conditions of competition are prevailing. It is understood that for products which are sold below this already established basic price a new anti-dumping investigation shall be carried out in each particular case, when so demanded by the interested parties and the demand is supported by relevant evidence. In cases where no dumping is found, anti-dumping duties collected shall be reimbursed as quickly as possible. Furthermore, if it can be found that the duty so collected exceeds the actual dumping margin, the amount in excess of the margin shall be reimbursed as quickly as possible.

(e) When the industry has been interpreted as referring to the producers in a certain area, i.e., a market as defined in Article 4(a)(ii), anti-dumping duties shall only be definitively collected on the products in question consigned for final consumption to that area, except in cases where the exporter shall, prior to the imposition of anti-dumping duties, be given an opportunity to cease dumping in the area concerned. In such cases, if an adequate assurance to this effect is promptly given, anti-dumping duties shall not be imposed, provided, however, that if the assurance is not given or is not fulfilled, the duties may be imposed without limitation to an area.

Article 9.—Duration of Anti-Dumping Duties

(a) An anti-dumping duty shall remain in force only as long as it is necessary in order to counteract dumping which is causing injury.

(b) The authorities concerned shall review the need for the continued imposition of the duty, where warranted, on their own initiative or if interested suppliers or importers of the product so request and submit information substantiating the need for review.

Article 10.—Provisional Measures

(a) Provisional measures may be taken only when a preliminary decision has been taken that there is dumping and when there is sufficient evidence of injury.

(b) Provisional measures may take the form of a provisional duty or, preferably, a security—by deposit or bond—equal to the amount of the anti-dumping duty provisionally estimated, being not greater than the provisionally estimated margin of dumping. Withholding of appraisement is an appropriate provisional measure provided that the normal duty and the estimated amount of the anti-dumping duty be indicated and as long as the withholding of appraisement is subject to the same conditions as other provisional measures.

(c) The authorities concerned shall inform representatives of the exporting country and the directly interested parties of their decisions regarding imposition of provisional measures indicating the reasons for such decisions and the criteria applied, and shall, unless there are special reasons against doing so, make public such decisions.

(d) The imposition of provisional measures shall be limited to as short a period as possible. More specifically, provisional measures shall not be imposed for a period longer than three months or, on decision of the authorities concerned upon request by the exporter and the importer, six months.

(e) The relevant provisions of Article 8 shall be followed in the application of provisional measures.

Article 11.—Retroactivity

Anti-dumping duties and provisional measures shall only be applied to products which enter for consumption after the time when the decision taken under Articles 8(a) and 10(a), respectively, enters into force, except that in cases:

(i) Where a determination of material injury (but not of a threat of material injury, or of a material retardation of the establishment of an industry) is made or where the provisional measures consist of provisional duties and the dumped imports carried out during the period of their application would, in the absence of these provisional measures, have caused material injury, anti-dumping duties may be levied retroactively for the period for which provisional measures, if any, have been applied. If the anti-dumping duty fixed in the final decision is higher than the provisionally paid duty, the difference shall not be collected. If the duty fixed in the final decision is lower than the provisionally paid duty or the amount estimated for the purpose of the security, the difference shall be reimbursed or the duty recalculated, as the case may be.

(ii) Where appraisement is suspended for the product in question for reasons which arose before the initiation of the dumping case and which are unrelated to the question of dumping, retroactive assessment of anti-dumping duties may extend back to a period not more than 120 days before the submission of the complaint.

(iii) Where for the dumped product in question the authorities determine

(a) either that there is a history of dumping which caused material injury or that the importer was, or should have been, aware that the exporter practices dumping and that such dumping would cause material injury, and

(b) that the material injury is caused by sporadic dumping (massive dumped imports of a product in a relatively short period) to such an extent that, in order to preclude it recurring, it appears necessary to assess an anti-dumping duty retroactively on those imports,

the duty may be assessed on products which were entered for consumption not more than 90 days prior to the date of application of provisional measures.

E. ANTI-DUMPING ACTION ON BEHALF OF A THIRD COUNTRY

Article 12

(a) An application for anti-dumping action on behalf of a third country shall be made by the authorities of the third country requesting action.

(b) Such an application shall be supported by price information to show that the imports are being dumped and by detailed information to show that the alleged dumping is causing injury to the domestic industry concerned in the third country. The government of the third country shall afford all assistance to the authorities of the importing country to obtain any further information which the latter may require.

(c) The authorities of the importing country in considering such an application shall consider the effects of the alleged dumping on the industry concerned as a whole in the third country; that is to say the injury shall not be assessed in relation only to the effect of the alleged dumping on the industry's exports to the importing country or even on the industry's total export.

(d) The decision whether or not to proceed with a case shall rest with the importing country. If the importing country decides that it is prepared to take action, the initiation of the approach to the Contracting Parties seeking their approval for such action shall rest with the importing country.

Part II—Final Provisions

Article 13

This Agreement shall be open for acceptance, by signature or otherwise, by contracting parties to the General Agreement and by the European Economic Community. The Agreement shall enter into force on 1 July 1968 for each party which has accepted it by that date. For each party accepting the Agreement after that date, it shall enter into force upon acceptance.

Article 14

Each party to this Agreement shall take all necessary steps, of a general or particular character, to ensure, not later than the date of the entry into force of the Agreement for it, the conformity of its laws, regulations and administrative procedures with the provisions of the Anti-Dumping Code.

Article 15

Each party to this Agreement shall inform the Contracting Parties to the General Agreement of any changes in its anti-dumping laws and regulations and in the administration of such laws and regulations.

Article 16

Each party to this Agreement shall report to the Contracting Parties annually on the administration of its anti-dumping laws and regulations, giving summaries of the cases in which anti-dumping duties have been assessed definitively.

Article 17

The parties to this Agreement shall request the Contracting Parties to establish a Committee on Anti-Dumping Practices composed of representatives of the parties to this Agreement. The Committee shall normally meet once each year for the purpose of affording parties to this Agreement the opportunity of consulting on matters relating to the administration of anti-dumping systems in any participating country or customs territory as it might affect the operation of the Anti-Dumping Code or the furtherance of its objectives. Such consultations shall be without prejudice to Articles XXII and XXIII of the General Agreement.

This Agreement shall be deposited with the Director-General to the Contracting Parties who shall promptly furnish a certified copy thereof and a notification of each acceptance thereof to each contracting party to the General Agreement and to the European Economic Community.

This Agreement shall be registered in accordance with the provisions of Article 102 of the Charter of the United Nations.

Done at Geneva this thirtieth day of June, one thousand nine hundred and sixty-seven, in a single copy, in the English and French languages, both texts being authentic.

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